dissent

$5.00/Fall 1990

ROBERT HEILBRONER/IRVING HOWE
The World After Communism

ALAN RYAN
Socialism for the Nineties

GÜNTER GRASS
Short Speech by A Rootless Cosmopolitan

ALEC NOVE
Market Socialism, Free Economy

DENNIS WRONG/JAMES RULE
The Left-Liberal Way

GEORGE KONRAD
Ethics and Politics

CAN WE FIND
A Third Way?

Also in this Issue:

DANIEL BELL
Germany: The Enduring Fear

GUS TYLER
Glut, Son of Markets

TAYLOR STOEHR
Growing Up Absurd — Again

DAVID MOBERG
Markets in the Casino Economy

SHLOMO AVINERI
Toward A Socialist Theory of Nationalism

MARTIN KILSON/ SHELBY STEELE
Blacks in America: An Exchange

CHRISTOPHER HITCHENS
Nixon: Maestro of Resentment

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Has Capitalism Won?

In America income and wealth have been shamelessly redistributed from the bottom to the top, homelessness is rampant, drugs have even invaded our elementary schools — and that's just for starters — and yet our pontificating pundits have the chutzpah to declare, "We Won!"

But the archetypal pontificator in Rome — specifically, the one who's been a key player in Communism's collapse — dissents from this capitalist bombast. It's superficial, says the Pontiff, to interpret Bolshevism's bust-up as the triumph of capitalism or to see capitalism as the only remaining option. He says capitalism "makes people slaves of 'possession' " and promotes a grossly unequal distribution of goods — the alternative being a society where money and capital don't reign and where workers participate in the ownership and management of enterprises. The Pope a progressive? Don't be shocked! *National Review* has derided John Paul as "the last socialist."

You see, as secular reformers lose hope during these greedy times, religious people, with their transcendental commitments, are keeping the cause of social justice alive. *The Progressive* sees Christians and religious Jews as "the fastest growing" element of the Left. Not surprisingly, we at the NEW OXFORD REVIEW, an ecumenical monthly edited by lay Catholics, are energetically contending for humane social change and ecological sensitivity (according to *Utne Reader*, we "battle all the major assumptions of our consumer-crazed, growth-oriented society"). But we do so in our own unique "voice" — we're not captive to tired, predictable ideologies. The University of Chicago's Martin E. Marty, a Lutheran, says we "probe and nudge and jab in the hope of inducing fresh thought." Those who do the probing include such original thinkers as Christopher Lasch, Jean Bethke Elshtain, Robert N. Bellah, Eileen Egan, and Robert Coles.

If you're impatient with conventional wisdom, if you crave luminous ideas, subscribe today!

(Please allow 2 to 8 weeks for delivery of first issue)

SPECIAL DISCOUNT RATES FOR FIRST-TIME SUBSCRIBERS

- ☐ One-year subscription. . . . . .$14 (regularly $19)
- ☐ One-year student, unemployed, or retired person's subscription . . . . . .$12 (regularly $16)
- ☐ Two-year subscription . . . . .$23 (regularly $35)
- ☐ One-year Canadian or foreign subscription . . . . US$17 (regularly $22) Payment must be drawn in US Dollars
- ☐ Sample copy. $3.50

NAME (Please print or type)

STREET ADDRESS

CITY STATE ZIP CODE

Send coupon or letter. Make check payable to NEW OXFORD REVIEW. Mail to:

NEW OXFORD REVIEW
Room 548
1069 Kains Ave.
Berkeley, CA 94706

PAYMENT MUST ACCOMPANY ORDER

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

We Turn To You . . .

We turn to you, our friends, for the financial help we must have in order to keep going. We do this only once every two years—and in all our thirty-seven years we have *never* asked more often or made "emergency appeals."

At this moment the ideas of the democratic left are under sharp attack, both here and abroad. We have fought back hard—for instance, in our Spring 1990 special issue on Eastern Europe, which attracted much favorable notice. We are now working on a special issue on "Social Breakdown in America" for Spring 1991.

Once every two years we say to our readers: please chip in. People have to pay for their convictions! Minority magazines with very little advertising can never be self-supporting. All of us at *Dissent* contribute our labor, our time, our talents, our money. But deficits are unavoidable, and they must be made up.

So please—lend a hand.

Essential information: *Dissent* is published by the Foundation for the Study of Independent Social Ideas, Inc. (FSISI), 521 Fifth Avenue, New York, N.Y. 10017. All contributions should be made out to the Foundation (you can abbreviate: FSISI) and are *tax deductible*.

Our goal for 1991 is: **$90,000**

We hope for contributions in three figures—pledges or checks. You can pay out your pledge in installments over the next two years, or you can ease things by sending your tax-deductible check now.

I enclose a check for $_____. In addition I pledge $_____ payable on the following date _____.

Name _____

Address _____

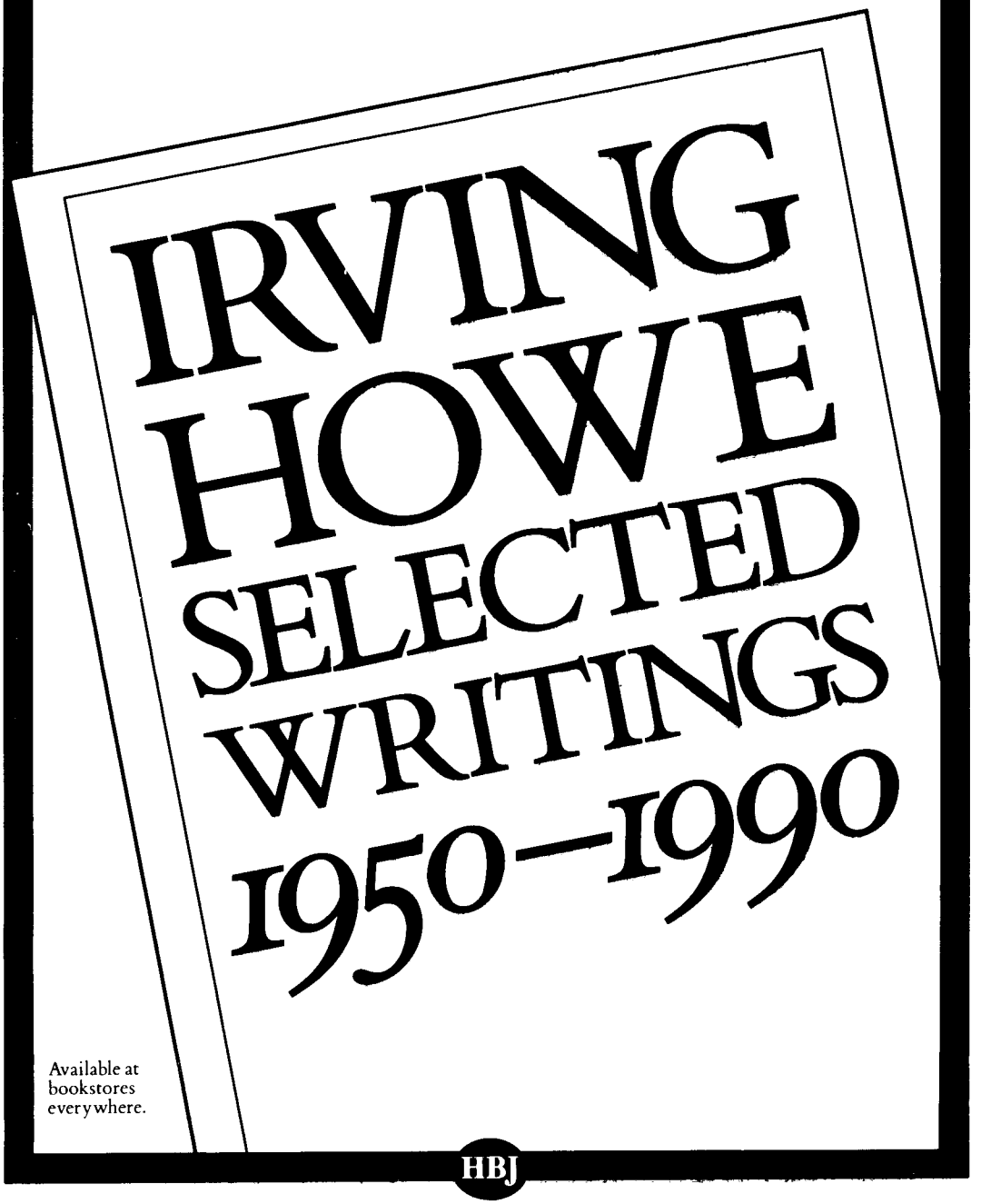
City _____ State _____ Zip _____

All Contributions Are Tax Deductible. Please make checks payable to FSISI, 521 Fifth Ave., New York, N.Y. 10017

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

HARCOURT • BRACE • JOVANOVICH

"Here we see one of the shrewdest,
most civilized minds of our day."
—*Publishers Weekly*



Available at
bookstores
everywhere.

HBJ

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dissent

Fall 1990

COMMENTS AND OPINIONS

Jeff Faux and *Max Sawicky* on the peace dividend, **421** • *Maxine Phillips* on cutbacks in food allotments for the poor, **424**

REPORT FROM ABROAD

James B. Rule on the changes in Poland, **425**

ARTICLES

The World After Communism: An Exchange Between *Robert Heilbroner* and *Irving Howe* **429**

Socialism for the Nineties *Alan Ryan* **436**

"Market Socialism" & "Free Economy" *Alec Nove* **443**

Toward a Socialist Theory of Nationalism *Shlomo Avineri* **447**

Short Speech by a Rootless Cosmopolitan *Günter Grass* **458**

Germany: The Enduring Fear *Daniel Bell* **461**

East Germany's Doubtful Future *H. Brand* **468**

Ethics and Politics *George Konrad* **474**

On Political Identities *James B. Rule, Dennis Wrong* **478**

Growing Up Absurd—Again *Taylor Stoehr* **486**

Glut, Son of Markets *Gus Tyler* **495**

Markets in the Casino Economy *David Moberg* **501**

An Equality-Efficiency Trade-Off? *David Gordon, Samuel Bowles, Thomas Weisskopf* **510**

The Growth of Citizen Politics *Harry C. Boyte* **513**

COMMUNICATION

A comment on racism and opportunity in the black experience by *Martin Kilson*, **519**, with a reply by *Shelby Steele*, **522**

NOTEBOOK

Martin A. Lee and *Norman Solomon* on advertising and the news media, **525** • *Murray Hausknecht* on profits and values in publishing, **528**

BOOKS

Christopher Hitchens on Richard Nixon's *In the Arena* and Herbert S. Parmet's *Richard Nixon and His America*, **531** • *George Scialabba* on Charles Taylor's *Sources of the Self*, **534** • *Marc Baldwin* on Max Holland's *When the Machine Stopped*, **537** • Book Notes by *J. Monaco*, **540**

LETTERS

541

Editors
Irving Howe
Michael Walzer

Executive Editor
Emanuel Geltman

Managing Editor
Maxine Phillips

Book Review Editors
Mark Levinson
Brian Morton

Business Manager
Simone Plastrik

Editorial Assistant
J. Monaco

Editorial Board
Bernard Avishai
Joanne Barkan
David Bensman
Marshall Berman
Paul Berman
H. Brand
David Bromwich
Joseph Buttinger
Luther P. Carpenter
Jean L. Cohen
Mitchell Cohen
Lewis Coser
Rose Laub Coser
Bogdan Denitch
George Eckstein
Cynthia Fuchs Epstein
Ferenc Fehér
Todd Gitlin
Murray Hausknecht
Robert Heilbroner
Agnes Heller
Martin Kilson
Erazim Kohák
William Kornblum
Jeremy Larner
Norman Mailer
Deborah Meier
Harold Meyerson
Nicolaus Mills
Jo-Ann Mort
Carol O'Cleireacain
Martin Peretz
Jack Rader
Ronald Radosh
Bernard Rosenberg
James Rule
Meyer Schapiro
Patricia Cayo Sexton
Fred Siegel
Jim Sleeper
Ronnie Steinberg
Dennis Wrong

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Among Our Contributors

SHLOMO AVINERI is the author of *Hegel's Theory of the Modern State, The Making of Modern Zionism,* and other books.

MARC BALDWIN works for the Massachusetts Manufacturing Resource Center and studies labor and economic restructuring at M.I.T.

DANIEL BELL is emeritus professor of social science at Harvard University and currently a scholar-in-residence at the American Academy of Arts and Sciences. His article was commissioned by the *Neue Zürcher Zeitung,* for a symposium in summer 1990.

SAMUEL BOWLES is professor of economics at the University of Massachusetts.

HARRY C. BOYTE, senior fellow of the Humphrey Institute of Public Affairs, is director of Project Public Life, a nationwide effort in citizenship education. His latest book is *Commonwealth: A Return to Citizen Politics.*

HORST BRAND writes frequently for *Dissent.*

JEFF FAUX is president of the Economic Policy Institute in Washington, D.C. He writes widely on issues of political economy and is the co-author of the book *Rebuilding America.*

DAVID GORDON is professor of economics at the New School for Social Research.

GÜNTER GRASS is a well-known German novelist and activist.

MURRAY HAUSKNECHT is a sociologist living in New York City.

ROBERT HEILBRONER, a frequent contributor to *Dissent,* is the author of *Behind the Veil of Economics* and many other books.

CHRISTOPHER HITCHENS is the author, most recently, of *Blood, Class, and Nostalgia: Anglo-American Ironies.*

MARTIN KILSON teaches political science at Harvard University.

GEORGE KONRAD is the author of *The Case Worker, Antipolitics,* and other books.

MARTIN A. LEE is the publisher of *Extra!,* the journal of FAIR (Fairness & Accuracy in Reporting), and author of *Acid Dreams: The CIA, LSD, and the Sixties Rebellion.*

J. MONACO is the editor of the literary magazine *Chalk Circle.*

DAVID MOBERG is a senior editor of *In These Times.*

ALEC NOVE is the author of *The Economics of Feasible Socialism, Glasnost in Action,* and other books.

JAMES RULE teaches sociology at SUNY.

ALAN RYAN came to the United States from England in 1988. He teaches at Princeton and is most recently the author of *Russell: A Political Life.*

MAX SAWICKY is an economist at the Economic Policy Institute in Washington, D.C. He specialized in public finance.

GEORGE SCIALABBA is a free-lance writer who lives in Cambridge, Mass.

NORMAN SOLOMON is co-author of *Killing Our Own: The Disaster of America's Experience with Atomic Radiation.*

SHELBY STEELE'S collection of essays, *The Content of Our Character,* was published by St. Martin's press this past August.

TAYLOR STOEHR is Paul Goodman's literary executor and has edited a dozen volumes of his work. He is writing a biography of Goodman.

GUS TYLER is the assistant president of the International Ladies' Garment Workers' Union.

DENNIS WRONG is the author of *Power: Its Forms, Bases and Uses,* reissued last year by the University of Chicago Press.

THOMAS WEISSKOPF is professor of economics at the University of Michigan.

DISSENT (ISSN 0012–3846), issued October 1, 1990, is published quarterly, winter, spring, summer, and fall, by the Foundation for the Study of Independent Social Ideas, Inc., 521 Fifth Avenue, New York, N.Y. 10017. Subscriptions: $18.00 for one year; $34.00 for two years; $15.00 for students for one year; foreign subscriptions, including Canada, add $5.00 for mailing costs per year; institutional rate $30.00 per year, $50.00 for two years, single copy $5.00. All payments from foreign countries must be made by United States money orders or checks payable in United States currency. For special rates on bulk orders from organizations, teachers, etc., write directly to DISSENT. For information on newsstand and bookstore distribution write to: Eastern News Distributors, Inc., 1130 Cleveland Road, Sandusky, Ohio 44870.

POSTMASTER: Send address changes to *Dissent,* 521 Fifth Avenue, New York, N.Y. 10017.

PHOTO CREDIT: Heka Davis, p. 486.

© 1990 by the Foundation for the Study of Independent Social Ideas, Inc. (FSISI). Permission to reprint any article must be obtained from the publishers. • Manuscripts will not be returned unless accompanied by a stamped self-addressed envelope. • Second-class postage paid at New York, N.Y., and at additional mailing offices. • Volume 37, Number 4 (whole No. 161).

• *Dissent* does not engage in lobbying or support candidates or legislation.

Front cover design by Robert Schwartz.

DISSENT is indexed in the *PAIS Bulletin.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Jeff Faux and Max Sawicky

YES, THERE COULD BE A PEACE DIVIDEND

The cold war is over. There is simply no rationale for a defense budget of the size now contemplated by the Bush administration. One need not be an expert in military strategy or international affairs to understand that spending anywhere near $300 billion on defense in Fiscal Year (FY) 1991 is an irresponsible waste of money.

The administration's budget proposes that it be given the authority in FY 1991 to commit $307 billion to be spent for military purposes. Actual spending would be about $303 billion, representing a 2.3 percent increase in nominal terms, which an assumed 4.9 percent inflation rate translates into a 2.6 percent cut in real terms. This budget provides for only a slight change in the rate of decline since the defense budget peak of FY 1987; in real terms that decline has averaged 2 percent per year in spending and 2.9 percent per year in budgetary authority. Given the dramatic change in the international political climate, Bush's budget is completely isolated from reality.

The first step in bringing the military budget in sync with the world as it now exists is to ask the right question. Before determining how much we can *cut* from the present budget, we first must ask: "How much do we need to spend?" Prevailing practice takes the present budget as a point of departure, making what we did yesterday the principal yardstick for judging what we should do tomorrow. It is ironically reminiscent of the bureaucratic planning style that has failed in Eastern Europe. If, on the other hand, we begin by determining what we *need* to spend, we have a chance to separate actual defense considerations from the financial interests and bureaucratic inertia that stand in the way of a rational defense budget.

This article is excerpted from a report issued by the Economic Policy Institute. The full text may be obtained from the Institute at 1730 Rhode Island Ave, NW, Washington, D.C. 20036.

This article was written before the Middle East crisis. The case it makes for a peace dividend remains, we believe, essentially sound. Much of the vast Reaganite military expenditure turns out to be of no use for the kind of operation the U.S. is conducting in the Middle East. We should resist the efforts of the Pentagon and conservative ideologues to use this crisis as a pretext for hiking military expenditures.—EDS.

One place to begin is with the lowest level of spending in real dollars. By this measure, as recently as 1976 under a Republican president, when a united Warsaw Pact was armed to the teeth, the U.S. defense budget was $203 billion in 1990 dollars. It is impossible to take seriously the argument that under present conditions—when the Warsaw Pact is irrelevant, the Berlin Wall obliterated, Germany on the brink of unification, democratic and economic reforms sweeping the Soviet Union, and international communism virtually eliminated as a force in the world—we need to spend more, in real terms, than we did in 1976.

If we answer the question of how much we need from the "bottom up"—from an analysis of the minimum necessary weapons systems and troop deployments to defend our interests—we get an even smaller figure. Over the past year several expert studies—by former DOD (Department of Defense) official William Kaufmann, by the World Policy Institute (WPI), and by a group headed by former Assistant Secretary of Defense Lawrence Korb and former CIA Director William Colby—have shown that the defense budget could be cut in half over ten years and still leave the United States and its allies secure. A number of other experts, including former Defense Secretaries Robert McNamara and James Schlesinger, have supported the general thrust of these studies.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

These defense reduction plans are based on similar strategic considerations: (1) maintaining a second-strike capability of between three thousand and four thousand submarine- and bomber-launched nuclear warheads, (2) reducing troops and eliminating battlefield nuclear weapons in Europe, (3) maintaining flexible, mobile forces capable of being deployed around the world, and (4) continuing research on new weapons technology.

The studies differ somewhat on what the composition of defense would look like after the reductions. Kaufmann and the Korb group would maintain a sizeable number of troops in Europe and a smaller navy than the WPI group, for example. But the important point is the agreement—among many people who themselves were major players in the buildup of U.S. military power during the cold war—that the United States would be left with a formidable capacity for deploying military force at half the current price.

Thus, whether looked at in aggregate or in terms of specific weapons systems, the financial cost of national security has declined dramatically. *A peace dividend of between $100 and $150 billion already exists. The president's budget, however, proposes that it be spent on the Pentagon.*

On the national security side, several arguments on behalf of caution have been advanced:

1. The United States should not reduce its strategic arsenal without corresponding reductions on the Soviet side. We should wait for successful conclusions to the START negotiations, which might not be completed for four or five years.

The current negotiating framework is obsolete. The START talks, for example, were intended to ratify unlimited modernization on both sides in exchange for the destruction of existing warheads. But there is no point in modernizing forces already vastly inflated beyond current needs, particularly at a time when the Soviets are desperate to reduce their defense commitment. Nuclear deterrence was aimed at preventing a Soviet attack on ourselves or our allies in Europe. Events of the past year have made it clear that the probabilities of either event are now about zero.

2. The United States should not withdraw from Europe without corresponding reductions by the Soviet side and should maintain some forces there indefinitely for the stability of Europe, entirely apart from the Soviet presence.

The case for delay here is even weaker. Gorbachev has already made unilateral cuts in Soviet conventional forces and, in effect, has been forced to undergo a fifty-five-division cut in the de facto collapse of the Warsaw Pact. And the U.S. battlefield nuclear weapons' range is limited to those nations that are now rapidly aligning with the West.

Nor has a case been made that the United States must now be responsible for European "stability"—a euphemism for fear of German reunification. There is no serious argument that a united Germany is in the foreseeable future a military threat to Europe. The concern is that Europe will be dominated economically—and therefore politically—by the Germans. This may or may not be so. But keeping U.S. troops in Europe will scarcely prevent this; if anything, the drain on our resources will make it easier for the Germans to dominate the United States economically. Many of the European nations have now come close to, and in some cases surpassed, America's levels of per capita wealth and income. With Western European economic integration and the integration of Eastern Europe into a massive market, Europe stands on the brink of extraordinary economic opportunities. We have reached the point where the Europeans themselves must take on the responsibility for sorting out the power balances on that continent.

3. Reductions must proceed very slowly so as to be "reversible" in case Gorbachev should fail and "hardliners" take back control of the Soviet Union.

It is possible that Gorbachev could be overthrown, snuffing out *perestroika* and returning the Soviet Union to totalitarian dictatorship. But whatever happens within the Soviet Union, the military threat that it formerly represented has no significant chance of reappearing in the foreseeable future.

William Webster, director of the U.S. Central Intelligence Agency, has concluded that the contraction of the Soviet Union's offensive military posture is all but irreversible. "Even if a hardline regime were able to regain power in Moscow," he notes, "it would have little incentive to engage in major confrontations with the United States." Moreover, should the cold war return, there will be ample opportunity for the United States to rearm; history has shown that no nation in the world has the ability to gear up to a military economy as quickly as the United States.

One of the best ways to assure the continuation of Gorbachev's revolution is to cut back on U.S. forces threatening the Soviets as quickly as possible. The Soviets are desperate to reduce the burden of armaments on their economy. Delay only strengthens the remaining hardliners in both camps and prevents us from ridding ourselves of a similar burden. Our contribution to the process going on

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

within the Soviet Union is to provide evidence to the Russians that Gorbachev's policies can free up Soviet economic resources without an added threat of military vulnerability to the West.

The second set of rationales for taking as long as a decade to reduce defense spending is domestic. One reasonable concern about the pace of military budget cuts is the impact that such a shift in resource demand might have on the economy. It is conceivable that large and sudden disruptions in important sectors of the economy could endanger the nation's economic growth. But evidence from previous military cutbacks suggests that we can go considerably beyond even the reductions proposed by Kaufmann and the other cited defense analysts (which in turn are far beyond the administration's proposals) before having to worry about the impact on the U.S. economy.

To evaluate the possibility of general decline in economic growth resulting from military spending cuts, the size of any such cuts should be compared to GNP. U.S. experience provides some guidance. The one-year drop in outlays after the Korean War was as large as 2.2 percent of GNP, which in today's economy would be over $100 billion. This large cut may have helped to produce a short recession in 1954, but largely because the defense cuts were not offset with increases in nondefense public spending. In any event, the economy recovered quickly in 1955 despite the fact that military spending cuts continued.

The largest one-year post-Vietnam cut was 0.9 percent of GNP, the equivalent of almost $50 billion today, and still much larger than anything now being contemplated. But government spending in the aggregate did not decline, and there was no impact on the overall economy.

On the whole, therefore, one-year cuts in defense of less than fifty billion dollars hold no risk of macro-economic harm, unless all or most of it is devoted to fiscal deficit reduction.

A second obstacle to quick military reductions is the existence of contractual obligations already extended by the Pentagon but not yet paid for. At the beginning of the next fiscal year, these unpaid obligations—contracts already made or committed to—amounted to about $270 billion. Of this, we can expect about $117 billion to be spent in FY 1991. Assuming that this represents the most difficult portion of the defense budget to cut, it still leaves a pool of $187 billion in new expenditures (out of a total administration budget of $303 billion) that can be cut without violating existing commitments. In terms of the new budgetary authority for defense being requested by the administration, there is a pool of about $120 billion earmarked for new projects and therefore easiest to cut.

The major obstacle in reducing the military budget is the political resistance of those whose economic fortunes will suffer—Pentagon generals, industry executives, politicians from areas with military bases, and anxious workers. This resistance is the administration's high card in the budget game. As Richard Darman has commented, a defense spending cut, "while politically popular in the abstract will not be politically popular in all its particulars."

We cannot, of course, prevent all of the dislocation that will be caused by defense budget reductions. Nor would we want to. The whole point is to "dislocate" resources out of the defense sector. We can, however, do several things to smooth the transition and mitigate the resistance.

The first priority is to make it clear that the military budget will be reduced sharply over the next five years. In the past, expectations (reasonable in view of the historical experience) that the defense business would return created an attitude among contractors of indifference to efforts at conversion.

Given that commitment, defense-conversion efforts should be built around the following principles:

1. Generous severance pay and retraining for affected workers.
2. Economic development planning assistance for affected firms and communities.
3. Establishment of a civilian equivalent of the Defense Advanced Research Projects Agency to begin immediately to finance research and development projects with civilian payoffs.
4. Identification of "dual use" military technologies with civilian applications (such as high-speed computers, vertical-takeoff aircraft, specialized machine tools), which are now classified or otherwise restricted from commercial development. These technologies would be made available to U.S. companies with, if necessary, government support for long-term financing.
5. Eliminating obsolete cold war restrictions on the export of U.S. commercial equipment to Eastern Europe, which have had the effect of ceding markets to Western European competitors.

Using the peace dividend for domestic investment is the best way to assure that the market will eventually find new uses for labor and capital currently committed to defense production. Even so, temporary periods of unemployment are bound to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

result. The best way to ease such transition costs is to make a concerted effort to involve communities and defense firms likely to suffer cutbacks in the business of servicing areas where the public budget will be expanding: infrastructure, civilian research and development, and environmental technologies. Here is precisely a case where *planning for conversion* is essential. Indeed, the greatest beneficiary of a shrinkage in the military budget is the economy of the country doing the shrinking. If we are in less danger now than we were in 1976, and if one-half of the military budget is sufficient for our present defense needs, then something less than a ten-year phase down period is clearly in order. □

Selected References

Barnet, Richard J., Lester R. Brown, Robert S. Browne, et al. *American Priorities in a New World Era*. A statement prepared under the auspices of the World Policy Institute. (New York: World Policy Institute), 1989.

Cain, Stephen Alexis and Natalie Goldring. *Restructuring the U.S. Military: Defense Needs in the 21st Century*. A Report by the Committee for National Security and Defense Budget Project. (Washington, D.C.: Committee for National Security and Defense Budget Project), 1990.

Kaufmann, William W. *Glasnost, Perestroika, and U.S. Defense Spending*. (Washington, D.C.: The Brookings Institution), 1990.

Kaufmann, "Some Small Charge for Defense," the *Brookings Review*, 8 (Summer 1990); 26.

Office of Management and Budget (OMB), Executive Office of the President. *Budget of the United States Government, Fiscal Year 1991*. (Washington, D.C.: U.S. Government Printing Office), 1990.

Schultze, Charles L. Statement before the Joint Economic Committee of Congress, December 19, 1989. Mimeo. Washington, D.C., 1989.

Maxine Phillips

MARKETS AND MORTGAGING THE FUTURE

Headlines in late spring announced that at least half the states had started cutting government food allotments in the WIC program (Special Supplemental Food Program for Women, Infants, Children), which provides milk, cereal, cheese, and juice for poor women and children, or had cut them altogether. These programs, which serve nearly one-third of all babies born in the United States, are universally acknowledged to be cost effective in preventing health problems. The reason for the cut: the rising cost of food meant that states had already spent their allotments. Government officials blamed high costs on droughts affecting feed grain, freezing of citrus crops, and increased consumer demand for high-fiber cereals, while also acknowledging that federal policy encourages farmers to kill cows rather than have a surplus of dairy products.

On the same day that the *New York Times* gave extensive coverage to these cuts, the front page of its business section noted that new products were "clogging" food stores. Retailers were complaining (for instance, about the 200 new oat bran products or the 1,348 new dairy products or the 913 beverages introduced last year) that the failure of so many products cut into their profits and drove food prices up. For many, the *Times* noted, the debate about limiting choices "strikes at the heart of the free enterprise system."

Meanwhile, babies in Texas were facing a cut in their cereal allowances from 36 ounces a month to 24 ounces and pregnant women whose diets were inadequate but who didn't show signs of clinical malnutrition were being excluded from the program. In California the state planned to give children ages three to five less than a glass of juice a day (144 ounces a month instead of 268 ounces) and eliminate vouchers for cheese.

Opposition to the cuts mobilized so that by the end of June a bipartisan compromise sailed through Congress. Under the not-very-generous new plan, states could borrow up to 3 percent against next year's allotments. Food advocates hope that those allotments can be increased so that the same drama will not be repeated next year.

While the haggling was going on, we're sure that the housekeepers of our elected representatives were overwhelmed by the many choices available in the local supermarkets. Would that those mothers and children denied sustenance had such choices. But then, the "invisible hand" of the market only stocks the shelves. It doesn't have to serve the food. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

James B. Rule

POLAND TODAY: CHANGES, PROBLEMS, DOUBTS

Returning to Warsaw after a lapse of nine years, a visitor expects visual changes as dramatic as the political. That expectation is quickly dashed. The Polish capital simply looks more tired than ever, with its heartbreaking Stalinist architecture, mercifully relieved here and there by restorations of a few older buildings. The whole city seems covered by a deeper layer of grime: pollution control costs money, and in its absence a film of gray dust envelops everything even on the brightest days.

Yet a few hours of walks and conversation reveal that things are changing, and not simply running down. Sidewalks are full of small private stands, selling everything from fast food to kitchenware. The new government has legalized such entrepreneurial activity to lower prices and foster convenience for consumers. The once-pervasive black-market currency traders, now also legal, have set themselves up in storefront shops. Real estate speculation has begun in earnest, with residential land available at market prices, usually beyond the reach of ordinary Poles. The high price of fuel has driven many auto owners off the road, yet the remaining traffic seems to include a higher proportion of BMWs and Mercedeses. Crime is up; membership in Solidarity down. Communism is out; markets are in. The media are lively and informative; the domestic news is rarely reassuring. Poland is coming to resemble a Western democracy—but not a very prosperous one.

In 1981, when I last visited, Poles were preoccupied with the prospect of invasion. Solidarity had created a pluralist wedge in the Soviet monolith. But no one could quite believe that the then-awesome communist power would continue to tolerate such a heresy.

In historical retrospect, the rise of Solidarity appears as the dawn of a new era—a harbinger of hope for a radically more humane order in the former Soviet bloc. The Poles are finally taking their destiny into their own hands. The political and moral capital accruing to Solidarity is considerable. But it is the only sort of capital in plentiful supply in Poland these days, and even that may not suffice for the trials ahead.

The magnitude of the task is enormous, and precedent nonexistent. Guidelines exist for economic development under capitalism; ditto for development under centralized, command economies—and, for that matter, for the transformation of capitalist to centralized systems. But for the transformation of a developed industrial economy from a highly centralized order to a market system with significant private ownership, we have no historical precedent. No one seems to doubt that the old system has to go: the command economy has brought economic disaster as well as moral and political catastrophe. But there the consensus ends. On what kind of market system is to be sought—a state-directed welfare economy à la Sweden, or a winner-take-all unreconstructed capitalism on the Thatcher model—views vary endlessly. What institutions of ownership should predominate? What limits should be set on the untrammeled workings of the market? What balance of economic power should be sought among unions, owners, and government? All such questions are up for grabs. Perhaps most important is what political institutions and modes of public participation will emerge.

When I left for Poland the newspapers were full of talk of "shock therapy" for the country's economy—as though a transformation from a communist command economy to Manchester in the 1850s could be performed overnight. Clearly that is impossible, even if there were the political will for it. True, certain dramatic changes have occurred. As of January 1990, the zloty is convertible within Poland. Many prices have been decontrolled, and a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

number of state enterprises have been left to sink or swim. The aim is now to create markets in labor and capital and, of course, in goods and services. But these are vastly more complicated changes, and they will perforce take far longer. They could also take a variety of institutional forms, with greatly varied social and political contents.

None of these transformations will be completed rapidly. I asked two key government figures: If I returned in a year, what proportion of Polish enterprises would be out of government hands? If the present program went expeditiously, both replied, about six percent. Hardly an overnight metamorphosis!

In fact, no such transformation is possible, despite images of aggressive European and American investors snapping up Polish companies at garage-sale prices. "Privatizing" a Rube Goldberg command economy like Poland's means finding parties able and willing to take over economic units whose viability is problematic at best. Any new owner—whether a Western corporation or a workers' council—will have to sink considerable capital and management skill into most enterprises before seeing any profits. Though Western investors have been willing to entertain such a role in a few cases, most Polish enterprises are simply not such alluring investments.

Thus, a plan adopted last July 13 seeks to spread ownership widely within Poland itself. Every adult Pole will be supplied with "privatization bonds," good for shares in the privatized firm of his or her choice. But doubt remains as to how many Poles will be interested in acquiring and holding such stocks—and as to whether ordinary Poles will be willing or able to add any significant infusion of private wealth into its fledgling market economy.

Another provision of the July 13 measure calls for a special offering of some 20 percent of stock in each enterprise to its workers, at half the market price. Such a step would theoretically create a stake in the well-being of the firm and, perhaps, set the stage for worker management. But here, too, it is unclear that workers would be inclined to retain shares acquired in this way. And skeptics hold that 20 percent could constitute a controlling interest. Such decisive control, they argue, might yield undesirable results for society as a whole, by permitting workers to run down the capital of the enterprise for their own short-term benefit.

Even assuming that satisfactory nongovernment ownership were arranged, the benefits of marketization of the economy could remain elusive. In Poland crucial products and services are often available only from a single source. Where this is true, privatization amounts to a license to print money for a collection of tiny but formidable monopolies. If all spark plugs are produced in just one firm, and more are unavailable from abroad (because of lack of foreign exchange), the benefits of the market are elusive at best. It is not clear how a country in Poland's impoverished state can find resources to circumvent such newly liberated monopolies.

Such dilemmas pale by comparison to the human dilemmas posed by creation of a labor market. The need for such an institution is hard to miss. The story is told of Western visitors to Poland under the Old Regime, who, hearing of its unproductive economic arrangements, commented, "But at least you have no unemployed!" "On the contrary," the Polish host replied. "It's just that they all have jobs."

Most Poles now seem to have absorbed the notion that many enterprises are vastly overstaffed and unproductive. A plausible scenario for economic recovery must include some process by which workers shift from less productive industries to more productive ones. But few are willing to volunteer their own jobs for such a shift. In a time when real wages are shrinking, the idea of being the subject of an economic experiment appeals to no one.

And this in a country where changing places in order to change jobs is far less normal than in the United States. Part of the problem is housing. Finding an adequate apartment takes a lifetime for most Poles; leaving one is unthinkable. So, even when new jobs become available, qualified workers may be unable to take advantage of them. In the face of such complications, planners are seeking legal changes to make buying and selling apartments more feasible, and attempting to create an information exchange to bring buyers and sellers together.

Those for whom such arrangements facilitate a smooth transition to a new job will be the lucky ones. Many—nobody knows how many—will face unemployment with no immediate prospect of new jobs. Last spring, unemployment had already reached a quarter of a million, or close to 2 percent of the nonagricultural labor force. Many are predicting unemployment of 10 percent by the end of this year—an emotionally volatile figure in a country where for decades nearly everyone had some kind of job. Government planners are preparing retraining programs, labor exchanges, and unemployment insurance. But one senses that no one really knows how acute the demand will be for such services, or how long these demands will last. One official spoke of unemployment insurance providing partial wages for six weeks—hardly long enough!

So, the big political questions: How far will the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Polish government go in allocating scarce resources to those who suffer from these changes? How rapidly will it pursue marketization of the economy, and how strongly will it resist efforts to protect jobs and raise wages? What will public opinion make of a regime that spawns unprecedented unemployment, while a minority enrich themselves in speculative and entrepreneurial ventures? On the "left," the "old guard" of Solidarity argue for gradual marketization, with elaborate protection for those displaced. Others insist that such moderation can only prolong the agony of those suffering from economic stagnation. A number of university intellectuals seemed convinced that nothing short of drastic measures could bring life to the moribund remnants of the command economy. None of these bold thinkers seemed to fear finding themselves unemployed, should their plans be put into effect.

These economic questions point inevitably to political ones. Any version of the changes now in motion is bound to create enormous strain, as some groups benefit and others lose. What sorts of political institutions, alliances, and attitudes will form the context for these conflicts? What principles of civic virtue will be put forward to justify suffering that will be extensive but unequal?

The biggest questions of all have to do with the future of Solidarity. As midwife to democratization, it took great pains to avoid violence and to remain democratic and open. But what role will it play now? Can it continue to act as a trade union while its representatives enact a painful restructuring of working life? Will it continue to defend the interests of the lowest-paid workers—as it did in the early 1980s—just when they stand to suffer most? Can it resist the pressures toward nationalism and authoritarianism that are apt to arise?

The leadership answers affirmatively. The position of Solidarity, one official told me, is no different from that of social democratic governments with trade union ties in Western Europe. Rank-and-file members are willing to endure the pain of layoffs, others insisted, in the interest of creating a viable economy. The Catholic church will be heard on social and moral questions, still others insisted, but not slavishly obeyed. The movement, I was assured, will continue to draw support from a wide range of political tendencies.

But membership in Solidarity is down, and conflicts within the movement are dramatic. Without an outside enemy to encourage internal unity, Solidarity is probably headed for radical transformation. Faced with the need to defend all of "society" against a regime supported by outside powers, Solidarity took on something of the structure of its opponent. To maintain solidarity against a unified antagonist, it formed an all-inclusive alliance of those at odds with the regime. To be sure, Solidarity struggled to practice everything that the Old Regime did not—openness, democracy, pluralism, defense of the weak. But now, after the collapse of the Communist regime, Solidarity is virtually the only political game in town. It unites tendencies ranging from social democrats to free-enterprise liberals—with significant admixtures of church-oriented activists and nationalists, secular intellectuals, and small farmers. One observer likened the situation to the corporatism of Perón's Argentina. Of course, the authoritarian overtones of Perónism have no place in Solidarity ideology. Yet this highly unusual structure has to raise questions about the ability of Solidarity to foster the expansion of pluralism.

Solidarity has had to cope with such anomalies since the beginning. Was it strictly a trade union? A social movement? A political party? It has been and remains all of these things. But will democracy have its best chance if all major power questions must be brokered through it? Or is this asking too much even of a movement that has distinguished itself in its opposition to totalitarianism?

There are reasons for concern about Polish democracy. The Nazis, and the Communist regimes that followed them, worked endlessly to stifle spontaneous political impulses—so that grass-roots activism hardly comes naturally to most Poles today. Many Poles reject all party politics, simply because of the unsavory history of political parties in their country's recent history. Solidarity won support from many as a kind of anti-party in a Manichaean contest between good and evil. This is not quite a mind-set for pluralism.

Nationalism, xenophobia, and anti-Semitism remain part of the political repertoire—the latter in a country now deprived of nearly all its Jewish population. The Catholic church has the most important card to play in condoning or restraining these tendencies, and it is unclear which tendencies in the church will prevail.

At least no one need expect any nostalgia comparable to that of some Soviet citizens for Stalin. No matter how badly the new system falters, there will be no call for a return to firm-handed Communist rule. But, amid widespread desires for rapprochement with Western Europe, one does hear talk of "Poland for the Poles"—as though the country's problems could be resolved by eliminating foreign influences! If no one looks back to Stalin, some will yearn for another Pilsudski.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Poland now lacks an external enemy that might inspire internal cohesion. In the absence of such an enemy, an evolution from Solidarity domination to some multiparty system is likely. Indeed, Poland already has an array of parties. But most are tiny, perhaps no more than debating clubs—no contest yet for Solidarity as electoral forces. Yet one can identify elements within Solidarity that resemble Western European Christian democrats and social democrats, along with free-market liberals and conservative nationalists. There are even beginnings of a militant trade-union "left," as remnants of the old "official" trade unions organize to play the role formerly reserved for Solidarity, that is, protesting plans for economic reform and rationalization deemed too hurtful to workers.

At worst, one can imagine an authoritarian reaction, as disgruntled Poles seek conspiratorial explanations for their suffering. Particular resentment focuses on figures from the old elite, still profiting (sometimes literally!) from their former positions. One hears rumors of all sorts of scams, with former members of the *nomenklatura* wheeling and dealing their ways into all sorts of windfalls in newly privatized industry, real estate, and trade. The Mazowiecki government has been slow to act, even against those who could be targeted for civil or criminal charges for their deeds under the old regime. Many ordinary Poles suspect a secret accord between the new government and the old, to ensure a smooth transition.

Perhaps it is this sentiment that Walesa seeks to tap when he calls for "a president with an ax: decisive, tough, straightforward," who would rule by decree until Parliament could act. Such bold tactics won great victories for both Solidarity and its leader when they faced the most monolithic and formidable of adversaries. But now the dangers, though formidable, are far less monolithic. Mazowiecki and his allies are clearly hoping to muddle through toward democracy, struggling to maintain political consensus without dramatic gesture or personality cult. And this means some modus vivendi with figures from the old order, at least for a time. Whether such backing-and-filling will prevail over Walesa's appeals to direct-action populism remains to be seen.

Still less clear, in this complicated political equation, is what forces will emerge as defenders of workers' interests.

Predictions are risky. The changes now under way will bring suffering, and that suffering will bring cries for relief and demands for new directions. But the institutional forms through which these tensions will be expressed are not yet in place.

At worst, one can imagine a right-wing reaction, as disgruntled Poles seek conspiratorial explanations. The ingredients of such a reaction are clear enough—despite the best efforts of Solidarity and some circles within the church to keep them from developing. For now, thankfully, there is no mass party or quasi party that might give voice to such tendencies.

But neither is it clear who will defend the economic interests of the workers. Will the future Solidarity specialize in this role? What political representation will the supporters of wide-open, no-holds-barred capitalism develop? How much support will they be able to muster if economic suffering becomes widespread—say, if unemployment remains over 10 percent?

In any case, Poland is now undergoing a profound and far-reaching realignment of political and social forces. For a comparable historical example, one must search far—perhaps to the rise of republican impulses in Europe after 1848. Old ideas, and institutions associated with them, are in collapse. New ideas, new forms of political practice, new alignments are projecting themselves into the resulting vacuum.

What effect will these changes have on the values of freedom, democracy, and equality? Will the solidarity with the weak and "unproductive" fostered by Solidarity in its original incarnation withstand the rush to a market economy? Will the new political institutions and new habits of participation sustain pluralism, civil liberties, and a supportive social contract? Or will the strains of hardship and the rigors of international competition leave Poland as a sort of East European Turkey—with embattled democratic institutions and a struggling, cheap-labor economy?

The Poles deserve better. By their courage, they have helped loose the grip of tyranny all around the world. We may hope that these qualities will lead to an order combining economic vigor, political pluralism, and authentic social solidarity. □

ARE YOU MOVING?

•

Second-class publications are not forwarded by your Post Office, but returned (at senders' expense) to be repackaged and reshipped: . . . *Three postage payments, for us, plus weeks of delay*. . . . To avoid this, and help DISSENT, *please notify us one month in advance of your change of address*. Send both old and new address to:

•

DISSENT, 521 Fifth Ave.
New York, N.Y. 10017

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

An Exchange

Robert Heilbroner

THE WORLD AFTER COMMUNISM

A Discussion of the Current Political Situation

We print below a letter that Robert Heilbroner recently wrote to a friend giving his views on the political situation after the collapse of communist societies in Eastern Europe. This is followed by some comments from Irving Howe. We invite contributors and readers of Dissent *to continue the discussion.*—Eds.

Dear X

This is a letter to help clear my head with respect to the ideas we chatted about last night. I am eager to pursue them as far as they lead, although I am not at all easy about their implications.

I start with the premises you are familiar with. There has been a massive collapse of the framework of centrally planned socialism and an equally unmistakable, although not so dramatic, falling away of the magnetic appeal of "socialism" in the capitalist world. Socialism as an organizing idea is still powerful in the backward areas of the world—Peru has its Shining Path and China may face another Mao-like regime—but in the materially more advanced nations, "socialism" as a distinct social objective has disappeared. Nothing is left of it but a better run capitalism.

The other side of this large-scale development is that capitalism has been as unmistakable a success as socialism has been a failure. In saying this, of course, I recognize capitalism's difficulties: slow growth since 1973, serious unemployment in Europe, worsening income distribution in the United States, international monetary disorder, the foreign debt dilemma. Nevertheless, there has been no major system-threatening crisis. The problems that beset capitalism appear well within the range of the contradictions that arise as a normal consequence of its mode of operation. Moreover, capitalism as a world-system has certainly expanded, and many of "its" problems should perhaps be seen as the difficulties experienced by the center as a consequence of the transformation of parts of the periphery into centers of accumulation in their own right. Most important of all, I do not see any signs of political disaffection within the capitalist world. On the contrary, its "economic patriotism" was never higher. If this is not success, what is?

All this, of course, you are familiar with. What I find startling and disconcerting is that these massive historical trends have been largely unanticipated. The conventional wisdom with respect to socialism is that it was, or would be, a success and that the future very likely belonged to it. The same wisdom with respect to capitalism was that its future was clouded. The Schumpeterian dicta are telling in this regard: "Can socialism work? Of course it can." "Can capitalism survive? No. I do not think it can." Never mind the curious chains of reasoning behind these judgments. They testify to a conviction that was prevalent in 1942 when the book was published and again in 1946 when it was reissued.

Schumpeter's was, of course, the voice of an older generation. But what spokesman of the present generation has anticipated the demise of socialism or the "triumph of capitalism"? *Not a single writer in the Marxian tradition*! Are there any in the left centrist group? None I can think of, including myself. As for the center itself—the Samuelsons, Solows, Glazers, Lipsets, Bells, and so on—I believe that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

many have expected capitalism to experience serious and mounting, if not fatal, problems and have anticipated some form of socialism to be the organizing force of the twenty-first century.

That leaves the right. Here is the part hard to swallow. It has been the Friedmans, Hayeks, von Miseses, *e tutti quanti* who have maintained that capitalism would flourish and that socialism would develop incurable ailments. Mises called socialism "impossible" because it had no means of establishing a rational pricing system; Hayek added additional reasons of a sociological kind ("the worst rise on top"). All three have regarded capitalism as the "natural" system of free men; all have maintained that left to its own devices capitalism would achieve material growth more successfully than any other system.

From this admittedly impressionistic and incomplete sampling I draw the following discomfiting generalization: *the further to the right one looks, the more prescient has been the validity of historical foresight; the further to the left, the less so.*

How much credence can one invest in such a generalization? Here I proceed with much greater trepidation than heretofore.

The first temptation is to explain the problem away. The argument goes as follows: Mises and Hayek and Friedman were right, but only in the sense of having picked the winning numbers. Their arguments are not convincing, and their claim to social foresight is therefore invalid.

I think there is something to this argument. Mises's reasons for the "impossibility" of socialism do not appear to be those that have pulled it down. Irrational pricing certainly played a role in its economic difficulties, but its breakdown appears to have been caused by political rather than economic irrationalities. The planning authorities mispriced goods not just because of an absence of information feedback (as Mises wrote) but because "efficient" pricing would have created unendurable political tensions, initially enriching the peasants, later alienating consumers (who presumably preferred to queue up), perhaps creating undue profits for successful enterprises.

The sociological argument is more impressive, if interpreted generously. Hayek and Mises argue that socialism's dependence on planning strongly encourages political hierarchy and unfreedom, culminating in totalitarianism. This is clearly not an argument to be shrugged aside. Although neither author develops the connection between dictatorship and massive misallocation or serious loss of social morale, it is not difficult to supply the missing links. Therefore one can find in their writings the basis of an explanation for the demise of socialism. (That is what I mean by interpreting their argument "generously.")

In similar fashion, the conservative arguments for capitalism also suffer from serious defects. They all believe state intervention into the market to be inherently inimical to capitalism's vitality. I need hardly say that these interventions can also be viewed as the cause of capitalism's continued vitality. I do not know how one can test these rival claims, but at the very least there is a reasoned case to be made for an argument quite the opposite of the conservative one. Another defect in the conservative case is its extremely static conception of capitalism. The conservative perception of the system points to no self-generated tendencies of any kind. Capitalism thus has no dynamic, a perception fundamentally at odds with its past, and presumably with its future.

So there are reasons to look askance at—indeed, perhaps to discredit—the conservative anticipations of the decline of socialism and the triumph of capitalism. I would, myself, be quite content with this conclusion were it not for one thing. It is that the left's reasonings must also have been wrong, for it is on the basis of these reasonings that the left arrived at conclusions we know to be totally at variance with the facts.

If the cogency of the reasoning on both sides is inadequate or unconvincing, this suggests the need for another line of exploration. What line? I believe the only one available is to repair to the preanalytic "visions" (to use Schumpeter's term), whence all theorizing initially flows.

Are there fundamental differences between the visions of conservatives and radicals? They are surprisingly difficult to articulate. Take the concept of "individuality" versus "sociality"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as the starting point for social conceptualizing. This sounds promising until one realizes that it cuts both ways. One thinks of conservative thought as fundamentally identified with a vision of *individualism*—neoclassical economics as an example—until we remember that there is a powerful countertheme of sociality, for instance, in the work of Coleridge or Burke or Hayek. So, too, radical thought is often pictured as "starting from" society—the individual as the "sum of many social determinations." But against that there is the Marxian insistence on the need to *emancipate* individual human beings. From what? From their social entanglements.

When I try to discover some difference in visions that resists this sort of ambiguity, only one idea strikes me as unchallengeable. It lies in the two visions' different conceptions of "human nature" or, if you will, of the human "species-being." The difference, as I see it, lies in diametrically opposed conceptions with respect to the fixity or malleability of human behavior. Conservative thought insists that there is a core that resists historical change. I myself find its most impressive instantiation in the need for psychological security, derived from the inescapable anxieties of the infant condition. It is this "psychoanalytic" aspect of human nature that endows it with immutable characteristics—aggression, narcissism, identification, among others—without which much of human behavior becomes incomprehensible.

The radical view sees the inner "nature" of humankind through different lenses. It is conceived as plastic and therefore capable of being shaped through social experience. Genetic and psychoanalytic endowments are not denied but are placed at a lower level of immediate importance. There are more degrees of freedom, more play between the Kingdom of Necessity and that of Actuality.

It follows, of course, that radical views are inherently more optimistic than conservative ones. Through radical glasses society is always far below its potential, whereas through conservative ones it always expresses inescapable and insistent needs of the human core. Conversely, the conservative view is always darker than the radical. It is more concerned with avoiding catastrophe than with achieving unrealized possibilities. It cannot be progress-oriented or teleological in the way that radical thought must be.

Of course the conservative orientation can have reactionary political implications, as well as salutary ones. But I am interested in another question: does the difference in orientation between left and right shed any light on their respective prophetic abilities? I think so, although skepticism arises for two reasons. First, the effect of visions on conscious thought is filtered and sublimated through so many mediations that it can at best account for only a "predisposition" or an "affinity" between an initial mindset and a finished argument. Second, we cannot know whether a vision is "correct." Indeed (as I've written in *Behind the Veil of Economics)*, I suspect visions can never be falsified or verified, insofar as they necessarily project aspects of the unconscious substratum present in all humankind. They all have elements of "truth" and of "untruth."

Such reflections would seem to reduce the explanatory power of visions to close to zero. Yet, if we can no longer declare with any confidence that one theory or the other is manifestly in accordance with "the facts," what have we left other than "predispositions" and "affinities" to explain why they are so different? And if we are then forced to admit that visions seem to be the only explanation we can give for the wholly different conclusions to which social argument leads, are we not forced to declare that one vision is a closer match for reality than the other because it points toward anticipations that accord with the train of things, whereas the other does not? I am very much aware that this paragraph may contain serious lapses. Still, I can't improve it or discard it.

If the conservative vision has a closer relation to historical development than its opposite, to what aspects of that vision can we ascribe that superior anticipatory capability? I have already said that many elements can be counted as part of the conservative vision but that I believe the crucial one to be its "psychoanalytic" view of human nature, a view I can abbreviate by saying that it

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

recognizes that behavior, like the heart, has its reasons which reason knows not.* Conservative apothegms often reflect these recognitions—"*plus ça change . . .*" "All power tends to corrupt . . ."— which always surprise us with their penetration, much as we may dislike them. It is not a coincidence, I think, that there are no such apothegms of the left (none that I can think of, anyway).

The conclusion to which I come may be disappointingly bland and vague. It is that the radical orientation toward change, progress, perfectibility, social salvation—attitudes that I am not prepared to discard for myself—must be conjoined with conservative reservations about those very possibilities. I have already spoken about the static quality of conservative thought—to my mind, its fatal flaw. So we need the cumulative and directional social logics that are the very hallmark of radical social analysis. But it is also painfully clear that these logics—the laws of motion and all the rest—are not enough. They may be accurate anticipations of movements of parts of the social whole, but they do not embrace, or sometimes even perceive other movements or nonmovements or countermovements that prove to be of incomparably greater importance in determining the overall outcome of things. To be a radical conservative or a conservative radical appears to offer the best chance to position oneself wisely with respect to the future—not to "predict" it, which only a fool could aspire to, but to prepare for its blows and to secure its advances as best we can.

* Curiously, most conservative thinkers detest Freud!

Irving Howe

SOME DISSENTING COMMENTS

I am glad to have Robert Heilbroner's "Letter" in *Dissent*, for it raises important questions and is written with his usual lucidity. But on some basic matters I disagree with Bob. Others may want to intervene in this discussion in subsequent issues.

At the July Communist party congress in Moscow, Mikhail Gorbachev responded to complaints that Eastern Europe had been "lost to socialism" by saying memorably: "What socialism? A variety of the Stalinist authoritarian system that we ourselves have abandoned!" Now, if even Gorbachev acknowledges the difference between socialism and "the Stalinist authoritarian system," why shouldn't Bob Heilbroner?

If, together with almost everyone on the American right and the authoritarian "left," Bob is correct in identifying the Communist party-state dictatorship with socialism, then the discussion collapses before it begins. For then the jig is up. The "socialism" of the communist dictatorship is detestable as both idea and reality; its collapse signifies a human victory; and *basta*, an end to it!

But for decades the anti-Stalinist left, in all its tendencies, has insisted that the communist dictatorship is not socialist, indeed, is a brutal violation, a gross travesty. A scholastic distinction? Not at all; it goes to the very heart of our political-moral life. For us, the idea of socialism signifies a society necessarily, profoundly democratic. No democracy, no socialism. About the kind of property forms and relations in such a society we have our differences, but about its democratic essence we are in complete concord.

I believe that the most sustained and cogent criticism of Stalinism and its offshoots has come not from the right—which in the past often admired the "efficiency" of the command economy and the "decisiveness" of the party

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dictatorship. The left's critical analysis of communism—from Martov to Nove, from Hilferding to Harrington—has been unyielding and fundamental.

How imprecise is Bob's use of the term "socialism" you can see by his references to the Peruvian Shining Path and Chinese Maoism. The Shining Path—a gang of fanatic thugs, the Latin equivalent to the Khmer Rouge? The Maoists—a sclerotic totalitarian bureaucracy shooting down the people? If these are granted the name of "socialism," then I fail to see how Bob, committed democrat that he is, could ever have agreed to accept that label himself.

Identifying socialism with the communist dictatorship seems to me as mistaken, analytically, and as damaging, morally, as was the readiness of some orthodox Marxists (really Marxist-Leninists) to argue that "bourgeois democracy" can only eventuate in fascism or Nazism (the coarse equivalent, by the way, to the wisdom of the right-wing economist von Mises, who saw the welfare state as a slippery slope to totalitarianism).

Is all this a mere semantic quibble? A fastidious effort to dissociate ourselves from an unpalatable reality? Some (the less fastidious) rightists argue as much, and if they are correct, the only honest thing for socialists to do is to close shop. But they are not correct; their thinking is as vulgar as that of "vulgar Marxists." And if, as we have insisted this past half-century, there is a deep chasm between socialism and the communist dictatorships, then Bob's entire structure of argument begins to crumble.

Well, not perhaps the entire structure. I take it that he has in mind, also, the political *consequences* of the popular misidentification of socialism with the communist dictatorships. That this creates enormous and, for some time, probably insurmountable difficulties for us, I do not doubt. But it surely does not help if we ourselves acquiesce in this misidentification. (One version of it is the feckless phrase "really existing socialism," which some people on the left have used to describe the communist states. Why? Because these states call themselves socialist?—though by now even some leading figures in the Soviet Union no longer accept that. The communist states have also called themselves "democratic," yet no sensible person would speak of them as "really existing democracies." Another reason why some leftists call the Communist dictatorships "really existing socialism" is that there is or was in those societies centralized (mis)planning and state ownership of the means of production. But we democratic socialists have insisted that when the state is "owned" by a party bureaucracy, the workers and indeed all others are dispossessed. The result has nothing in common with democratic socialism. Nor are central planning and state ownership of the means of production a sufficient ground for calling a society socialist. There are in the world today a number of non-socialist societies with sizable segments of nationalized industry. What kind or degree of planning might be necessary in a socialist society is, for us, an open question. Clearly, total state ownership of industry is not desirable. A democratic socialist society would have a range of property forms, with a substantial segment of cooperatives and worker-owned enterprises—something radically different from what has prevailed in the Communist dictatorships.)

Bob writes that "not a single writer in the Marxian tradition" predicted "the demise of socialism" (read, the demise of the party-state dictatorship). He is quite wrong. If anything, the fault to be ascribed to many Marxian analyses of Stalinist Russia—those of Trotsky, Hilferding, Deutscher, Shachtman, many others—is that, like the Marxian analyses of capitalism, they were too ready to foresee profound and unresolvable crises.

Let me cite one recent example that comes pretty close to anticipating a "demise" of the communist system. It comes from Alec Nove, not a Marxist but a socialist, in his 1983 *Economics of Feasible Socialism*, a book that Bob reviewed enthusiastically in *Dissent*. Nove writes of

> the unfortunate economic effects of the political domination of a self-perpetuating oligarchy which claims dominance over all spheres of human activity and thought. . . . The chronic crisis of the centralized system may be reaching its acute state, with consequences yet unforeseeable.

True, what no one—right, left, or center—

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

predicted was the exact moment of the communist collapse nor the exact moment that a remarkable new leader like Gorbachev would gain power, probably the main precondition for the fall of the communist regimes in Eastern Europe. But that is the kind of thing, dependent as it is on human activity and will, that no one can or should even try to predict.

About the "success of capitalism" Bob is partly right. Unlike communism, capitalism does not face the prospect of immediate collapse—though it's worth remembering that only a bit more than two decades ago capitalist society (France, the United States) went through pretty severe social crises. In comparison or competition with the communist system, capitalism has indeed "won." In Western Europe it seems to be enjoying what used to be called a period of stabilization, though with attendant difficulties. In the United States things are more problematic; an ill-distributed affluence, itself increasingly vulnerable, is interwoven with signs of social breakdown. In England the Thatcherite dispensation has culminated in serious economic troubles and gross social inequities.

Many segments of capitalism as an *international* system are in serious difficulty. Think of the vast debt structure that is sinking Third World economies. (Apart from a few countries on the Asian rim, which practice not "free market" economics but authoritarian state intervention, living standards in the Third World have declined from their already pitiable level during the 1980s.) Think of the workings of free enterprise in Brazil, which leads to appalling inequality. Think of the probable "Mexicanization" of the East European economies, in which yesterday's communist *apparatchiks* effortlessly resurface as today's brand-new capitalists. Think, also, of the emerging conflicts among Japan, the United States, and Germany, today more or less under control, but tomorrow?

"Success of capitalism"—it all depends what you mean. In the United States, after the Reaganite blessings, we have vast poverty, growing economic inequality, deepening social malaise. There are 100,000 homeless children—children!—in the United States today. More than 20 percent of American children live below the poverty line, and in the cities the figure is 30 percent—among blacks 45 percent. (And the Bush administration decides that no new programs to combat poverty are needed!) Do the East European intellectuals chanting hosannahs to the "free market" know about this? Such figures surely appall Bob as much as they do me, but what they represent ought to play a greater role in his analysis. My suspicion is that in his "Letter" Bob extrapolates too quickly and with insufficient qualifications from the contingencies of the moment, without taking into sufficient account the historical background and deeper rhythms of the capitalist society that he himself has so brilliantly analyzed in the past.

Still, if we're to talk about the successes of the West, a word should be said for the social reforms initiated through social democratic movements. I think it's a skewed perspective to talk about "the demise of socialism" without at least mentioning the partial successes—insufficient, no doubt, but humanly precious—of social democracy in countries like Sweden, Austria, and West Germany. Consider one simple fact: At a time when recent reports paint a dismal picture of the health care available to many American children, a study in Sweden shows that the overall health of Swedish children at the bottom tenth of the income hierarchy is no different from that of children at the top tenth. Yes, Sweden is not yet socialist, not yet "a new society," nor is it likely to become one tomorrow. Still, what the Swedish social democracy has done is a major achievement—a success if not "of" then "toward" socialism—and it certainly has more to do with socialist values than the Shining Path in Peru.

Where I think Bob is quite mistaken is in his attribution of political prescience to the right. He writes that the left has no apothegm to match Lord Acton's remark that "power corrupts, absolute power corrupts absolutely." Lord Acton's apothegm *is* keen, but is not unique to conservatism for it says pretty much the same thing that many libertarian socialist and anarchist critics of Bolshevism have been

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

saying for decades. And I think we might manage to find a few apothegms and slogans from our side that are worth remembering. For starters:

> *Liberty, Fraternity, Equality*—has that not inspired vast numbers of people to reach for freedom?
>
> Or William Blake: "*What is now proved was once only imagined.*"
>
> Or Rosa Luxemburg: "*Freedom is always and exclusively freedom for the one who thinks differently.*"

As for von Mises's claim that socialism could have no rational way of determining prices, he was prescient largely insofar as Stalin provided a totalitarian command economy as an instance. But if we are to be fair about this, we have to recognize that even the early Bolsheviks believed that a regulated market (as all markets are today) was necessary. Lenin, after the failures of war communism, acknowledged as much in proposing the New Economic Policy of 1921. Eleven years later, Trotsky wrote that an economic plan must respond to "the direct pressure of supply and demand. The plan is checked and, to a considerable degree, realized through the market." I don't wish, in citing these examples, to deny that there have been large gaps and failures in socialist thought—I only wish to argue that wisdom has not been confined to the right.

For that matter, it has not been right-wing economists like Hayek and von Mises who have been vindicated by the experience of the last half century. If there is a single economic thinker who has shaped our collective life, it has been the liberal Keynes, a father of the welfare state.

About other matters—how prescient has the right been? When it comes to the major historical problems, not much better or worse than other political tendencies—it shared, for instance, with many thinkers of the center and left an inclination to go along uncritically with Hannah Arendt's theory of totalitarianism, a theory that now seems somewhat frayed. And then, to drop several notches in quality, there's the neoconservative theorizing of Jeane Kirkpatrick, with her insistence that, unlike fascism, communism could not be transformed peacefully. That can hardly be seen as an instance of historical prescience.

Perhaps the most interesting segment of Bob's "Letter" consists of psychological speculations about the contrasting "visions" of conservatives and radicals. It would take a long article by someone better qualified than I to deal with this; but, a few sentences. While avoiding the trap of extreme relativism, we should remember that our notions of human nature are likely to be colored by the world views and social moods dominant at any given moment. Right now, it's a moment of disenchantment, a moment of skepticism, settling for small goals, perhaps even of abandoning social hopes. One can readily understand why this should be so. Still, the *zeitgeist* is not just something to be acknowledged, it must also be resisted—what else are we here for? And with regard to conservative sentiments drawing upon psychological theories, remember that it was Freud who said: Where Id is, let Ego be. Skeptically yet indomitably, he held to the Enlightenment belief in the possibility of individual transformation. Socialists strive for a parallel social transformation.

I would not deny for a moment that socialism as idea and movement is in a state of crisis—it's been there, like all other strands of political thought, for some time. It needs reconsideration and even reinvention. And for the next period, it will probably exist primarily in the sphere of thought and vision. Even in that limited form, it can serve as a valuable guide to human action, both political and more-than-political. And in the next few years social democratic movements can contribute significantly to determining in Eastern Europe, though not there alone, the social content of a resurgent liberal society. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Alan Ryan

SOCIALISM FOR THE NINETIES

An Argument for This Time

This may seem an odd time to be thinking about socialism in the 1990s and in the West. The collapse of the communist regimes of Eastern Europe has been so much the most interesting political event of the 1980s, and such an apt celebration of the bicentennial of the French Revolution, that it is hard to think of anything else. But there is some danger that we shall be so entranced by the transformation of the once arrogant and bullying *Stasis* and *Securitate* into shifty and frightened political criminals that we shall forget to think about politics nearer home. If we have "won" the cold war, there is little incentive to ask what exactly we are up to, and what sort of victory it is. Between mindless celebration of the collapse of an old foe and gawping curiosity about what replaces the Eastern European ancien régime, articulate thought about our own condition may easily be squeezed out.

A worse danger is that the collapse of the authoritarian bureaucracies of Eastern Europe will discredit socialist thinking in the West. Whatever emerges in Eastern Europe will doubtless reflect the hatred of the recently oppressed for their recent oppressors, and thus far is a genuine expression of a libertarian urge. But I cannot believe that anything very edifying is going to emerge. Most countries in Eastern Europe will surely swing to the right. Assuming they are not plagued by ethnic conflict and have some energy to devote to ordinary politics, it seems certain that they will put an exaggerated degree of trust in the workings of laissez-faire and gung-ho entrepreneurship.

There are two reassuring lessons these events will teach. The first is that dictatorships fail to win the hearts and minds of their subjects. Their inhabitants may get out of practice in self-government, but their desire not to be oppressed does not weaken with time, nor does their wish to govern themselves diminish. The second is that intellectual and artistic vitality is harder to destroy than we might fear. The moment the lid is lifted, creativity flowers. However, these countries seem likely to endure many of the misfortunes of developing countries anywhere in the world—Romania and Bulgaria worst off, East Germany and Czechoslovakia best off. I cannot embrace the giddy optimism of many commentators. The chief effect of authoritarian regimes is to preserve the underlying society in a state of suspended animation, so that what emerges once the lid is lifted are the social tensions and political conflicts of forty, fifty, or sixty years ago.

Whatever the uncertainties in Eastern Europe, the propaganda opportunities the change offers the antisocialist politicians of the Western world are obvious enough. All the difficulties of the transition will be ascribed to the legacy of a vaguely defined "socialism," and all improvements to an equally vaguely defined "free market system." It will explain none of what is in fact going on in Eastern Europe, but it will present one more hazard for anyone trying to think about what is and isn't left of the socialist ideal in the unauthoritarian, developed, industrial societies. Readers of *Dissent* won't be impressed by claims that "we've won"—where the "we" in question is the worldview and the political and economic practices of Reaganite Republicanism—but the larger world seems at best confused, believing that "we've won," but puzzled that the winners

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of a cosmic struggle should be politically and economically so uncertain of themselves.

Those who think that you need to be slightly mad to believe that anyone's *won* will probably agree that it's a good moment to reflect on the fate of socialism in the nineties. Some old baggage needs to be dropped, some eternal verities reaffirmed, and—more contentiously—a taste for speculative institution building needs to be encouraged. Marx was famously scornful of the purveyors of duodecimo editions of the New Jerusalem, but we can't be. British voters want to know what the Labour party will do that Margaret Thatcher will not or cannot; reunited Germany will not take the SPD on trust. Even if American social democrats are largely confined to nagging the Democratic party from the left, they still need some picture of how the world might be made better.

We must say farewell to some old myths. Most of the list is uncontentious. We can't believe in natural proletarian solidarity in the absence of a proletariat; we can't believe in the vanguard party. This does not mean we can turn our back on the better aspects of what they represented. We must regret the loss of many aspects of working-class self-help, and many features of working-class community. We may admire the energy and boldness of revolutionaries whose hopes have subsequently turned to ashes. I do not see how anyone could fail to be impressed by the intellectual and personal courage of both Lenin and Trotsky, just as I do not see how socialists in a developed country with an even moderately democratic political system could ever have regarded the Communist party as a political organization to emulate.

Again, we cannot believe that a planned economy will be easy to achieve. This is not to say that an attachment to socialism is consistent with abandoning economic planning. What socialism involves, if not a measure of collective social control over decisions that under pure capitalism are left to actors in the marketplace, I do not know. But what does have to be abandoned is any thought that we shall achieve Marx's vision of a world in which "society" rationally chooses what to consume, how to produce, and how to distribute it, as if "society" were a single individual writ large. In the fight between the advocates of central planning and assorted forms of decentralization, it is often forgotten how much Marx and his successors relied on the thought that the rationality of a planned economy would make production decisions increasingly simple. Capitalism was internally incoherent and conflict ridden; once factitious reasons for dissension had been removed, it would become pretty obvious what an optimally functioning economy required at any given level of productive capacity. Marx was just wrong about that, even if nobly wrong.

Nor can we look for a sudden simplification of the social, political, and economic structure of a developed industrial society. Much has been written recently by Marxist or *marxisant* theorists about the rediscovery of "civil society"—though not only by them. Yet when one thinks of the contemptuous way in which Marxist sociologists used to dismiss theorists of "industrial society," one might think that this rediscovery has been a long time coming. More impressive is the East European litany of complaint about what happens when a political regime fails to take civil society seriously. The Hungarian sociologist Elemer Hankiss has nicely characterized the results as a paradox whereby a mobilizing régime has demobilized society. The "amoral familialism" that gloomy political scientists blamed for the backwardness of southern Italy has been created in Eastern Europe by successive governments rewarding corrupt, private, and unofficial deal-making while they repressed overt, public, secondary organizations that could have represented their members' concerns in a public-spirited and uncorrupt fashion. Once more, some of the blame lies with Marx's vision of a society in which decisions become mysteriously simpler while life itself becomes richer and more many-sided; more blame must lie with the inclination that is strong in all of us to believe that the sort of world we want to achieve is not only desirable but attainable with a few politically implementable organizational changes.

A last belief that we need to abandon is the expectation that either simple self-interest or simple altruism will drive everyone to embrace

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

socialism. The ordinary citizen is not as selfish as he or she is often portrayed, nor as readily corrupted by the spectacular greed of the Boeskys and the Milkens as the newspapers sometimes suggest. Other things being equal, few Americans would rather succeed at the expense of their neighbors than succeed without costing their neighbors anything. Still, it is not true that there is a rich vein of pure altruism waiting to be tapped. Or, more guardedly, the altruism waiting to be tapped is generally focused on more personal, more immediate good causes than the creation of a new social order. Altruism, as distinct from a desire for social justice, is readily tapped by the local church, or by the March of Dimes; it makes an insecure basis for socialism.

One reason lies in the nature of appeals to anyone to join in an activity to which it is not clear that others are committed. I can be pretty sure that fifty dollars to my local church soup kitchen will produce fifty dollars worth of food given to people in need. There is a ready-made organization doing what I hope it will do, and chipping in my share is not wasted effort. But it would be less plausible to pay that fifty dollars to a group working for the rational distribution of welfare payments to the needy of the entire United States. For any such thing to succeed by our voluntary action, hundreds of thousands of people would have to join in, each convinced that the other hundreds of thousands would do their bit. Free-standing sentiments in favor of justice or altruism cannot be relied on.

But simple self-interest makes an equally insecure basis. This is not something one should believe for sentimental reasons—because the socialist transformation must wait until the creation of "socialist man," for instance. It is true for reasons of the most drearily practical kind. Marx sometimes expected the proletariat to revolt because capitalism could not even guarantee to keep the proletariat from starving. "Socialism or death" would not express a fine sentiment, but the literal truth. Once that backstop understanding of how self-interest might drive us to solidarity and revolt is given up, simple self-interest cannot provide all the motivation that is needed. Workers who would benefit from a successful strike would benefit even more from working through the strike if they could collect its benefits without sharing its costs. Their defection makes the strike less likely to succeed and so makes it less likely that they will get the benefits of a successful strike, but only very marginally; meanwhile, the benefit to them of working while others are not is large. If everyone reasons thus, strikes are unlikely, and successful strikes very unlikely. The same story goes for almost all forms of collective action.

So the question arises, what are we to appeal to? What positive defense of socialism can we produce in the 1990s? The first thing to say is that to a European eye, the United States is remarkable in the way it practices middle-class socialism and calls it something else. When Sombart asked his famous question, "Why is there no socialism in the United States?" he misled himself by concentrating on two things, and, as it happened, the wrong things. Mostly, he concentrated on the frame of mind of the workers, and that allowed him to announce that their revolutionary passions had been appeased by prosperity. Socialism had been "wrecked on the reefs of roast beef and apple pie." His other focus was on the missing labor party of a European kind. A more plausible reply to his question might have been that as with so much else the middle classes had absconded with it. American socialism is middle class and small-town, not national and proletarian.

Associating socialism with foreign agitators, dynamiting anarchists, and at best with Eugene Debs, Americans did not acknowledge what it was they had taken over. Nonetheless, American municipal self help was strikingly like the British phenomenon of "gas and water socialism"; and while the American public school system doubtless sprang from much the same impulse as the French common school system, the free elementary and secondary schools to which all but the children of the rich would go achieved a comprehensiveness and uniformity of provision that Labour governments in postwar Britain achieved only haltingly and in slow installments.

Europeans who visit a tolerably prosperous American suburb or small town are commonly struck by the lavishness of public support for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

many kinds of civic amenity. To be sure, there are no people's palaces of culture, but there is the American equivalent—playing fields, picnic places, swimming pools, and ice rinks. Europeans are also frequently struck by the unabashed way in which the town officials, however elected, dictate matters of public propriety—that lawns shall be mowed, paths swept of snow, houses painted suitably anodyne colors. The implementation of collective decisions and the organization of collective provision cause no ideological qualms, so long as the things provided have the right aura.

This picture must be taken with a large grain of salt. Small town and suburban America is not impressive for the public provision of mobility for the non–car-driving public, or of health services. It would be a strange sort of socialism that trusted the health of mothers and babies to the mercy of the marketplace, and it is an oddly amnesiac concern for the education and entertainment of the ordinary person that overlooks the fact that most of us are born too young to drive and die some time after we have become unfit to drive. Still, it is a corrective to the jeremiad that portrays the American people as wholly hostile to all sorts of socialized provision. It is the name rather than the object they dislike or distrust. By the same token and more seriously, the large American corporation has never hesitated to tie itself to the government's apron strings. For reasons that Galbraith spelled out in simple but adequate terms thirty years ago, the managers of large quantities of investment capital have no intention at all of behaving like the small entrepreneur of classical economic theory.

Nor is the phenomenon recent. Apart from traditional and semicorrupt behavior such as marked the competition for government contracts even before the Civil War, American industry has always expected to be protected by the U.S. government, whether by tariffs or by the methods currently in vogue. Later in the century, the legal system was rearranged to make it easier to build railroads and secure rights of way for oil pipelines. Since trusts were first attacked in the Progressive era, anti-trust legislation has always been held in abeyance where there was an even half-plausible case for supposing that reorganization was genuinely needed to preserve an industry or a business. Bankers who had voted against Roosevelt and would do so again nonetheless flocked to place themselves under federal protection in the 1930s. The contrast between a free-market ideology appropriate to the traditional model of an infinity of small producers of almost identical products and the more or less socialist practice of government-sponsored aircraft manufacturers, weapons firms, and consortia of other producers is a bad joke.

So let us return to socialist arguments appropriate to the 1990s. There are three obvious ones and one that reflects perhaps my lingering attachment to one of Marx's more attractive but perhaps more dangerous ideas. They are the argument from public goods, the argument from the protection of community, the argument from the self-destructive tendencies of private property, and the argument from rationality. One might assimilate the first and third arguments, but I think they are better kept separate. The first and most obvious argument lies in the inability of the market to provide public goods. It is a familiar but decisive argument that the ordinary processes of the market will not achieve an optimal supply of goods and services to the population because there are many goods—clean air and water are usual examples—that cannot be sold to their consumers on terms that ensure that only those who pay for them get them. The services of a lighthouse or a radio beacon cannot be withheld from those who haven't contributed to their creation. Once you clean up the river, I can swim in it whether or not I have paid toward its cleaning up.

Because it is impossible to sell such services piecemeal, the market will not provide them. Nor will they be provided voluntarily, since in anything other than the smallest community nobody has any incentive voluntarily to contribute to their production, even if they will benefit from the good in question, and even if the good is one which would yield them more benefit than their fair share of the cost of providing it. If we were all self-restrained about the use of our cars, it is very likely that the benefit to each of us of greater ease of travel would much outweigh the inconve-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nience; but since none of us has any reason to believe that our individual self-restraint will make any difference to everyone else's behavior, our individual self-restraint is quixotic.

Without offering it as a definition, I think that one essential element in socialism must be the use of the political mechanism to overcome deficiencies in the economic system. Supposing, as I do, a general use of markets for supplying consumers with what they want, the socialist emphasis on the state's role in supplying public goods is absolutely not out of date. Indeed, although the record of the East European countries in caring for the environment is pretty dreadful, it seems obvious enough that societies with a self-conscious and unapologetic commitment to remedying the failure of the market to care for the environment will do a better job than societies whose governments are thought to be less legitimate than private businesses, whose profits depend upon not having to pay the full cost of their activities to the public.

There are other benefits that have similar properties, which it clearly makes sense for governments to supply even on the most hard-nosed calculation of the benefits involved. Any productive society requires human capital as much as finance capital, raw materials, and technology. It is possible for large firms to hire physicians to give them a healthy work force, and to hire educators to give them an educated work force, but there are strong disincentives for doing so, since their competitors can hire away the improved work force and enjoy its productive edge without having paid for it. Thus, health and education are public goods—healthy and educated workers cannot be offered to one employer without being offered to all employers. And the same proposition applies: a government that believes it is legitimately and properly in the business of attending to health and education will do a better job than one that is ideologically inhibited.

These arguments can be multiplied: public transport, effective planning, and much else belong on the list. Of course, governments have been committed to these without seeing themselves as socialist. The British imperialist Leo Amery was one of the chief begetters of the scheme for supplying free milk and orange juice to British children, along with free perinatal care—a gift to cartoonists who enjoyed drawing him pushing a perambulator. His aims were not simply humanitarian: viewed caustically, one might say he was out to produce healthy cannon fodder for the next imperial adventure.

So, we need to revert to our second argument. It is not only a more adequate kind of efficiency than that worshipped by enthusiasts for the marketplace that we are after. One goal of the public supply of public goods must be to enhance the sense of community. And here, too, we have to distinguish the sort of community involved from what a certain kind of conservatism and nationalism are equally attached to. It is not easy to do it simply; and the simplest way is usually to wave a hand toward one's favorite writers on such subjects, which is all right among friends but no way to persuade skeptics. I, at any rate, am after what R.H. Tawney was after when he said that under socialism anyone could tell anyone else to go to hell, but hopefully would not feel the need to. It is a community of moral equals, not one of a closed hierarchical structure. It is one in which everyone feels that his or her welfare is as much an object of general concern as anyone else's, and that one's ideas and aspirations are taken as seriously as anyone else's.

The connection between communitarian ambitions and the socialist ideal is, I think, what it always was. Human beings face a natural environment that offers many opportunities but also many hazards, and of these age and death are inescapable, while ill health and injury are only a little less so. To feel that society is organized as a collective exercise in self-defense is a comfort and a reassurance that most of us could do with. To feel that it offers only as much help as one will be able to purchase in a competitive market under conditions where one's buying power is likely to be at its lowest is no comfort at all.

People like myself, whose attachment is to the common ground of British "New Liberalism" and the goals of the British labor movement, are skeptical about looking for much more in the way of moral and emotional comfort than that. The liberal goals of diversity and pluralism also have their place, and many of the emotional supports that communitarians seek ought to come

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

from small groups and not from anything directly within the control of government. But when all caution has been exercised, there is still a distinctive argument for socialism—the one I offered in the previous paragraph. It is to me inconceivable that one could argue for the welfare-state provisions that socialists in Western Europe have always argued for without seeing as one of their purposes the creation of social trust on the one hand and an impersonal benevolence on the other. This is not to say that only an avowedly socialist government would have such ambitions. It is to say that one task for socialists is to keep nagging away at any government that fails to see the point.

The third argument for socialism in the 1990s may seem a bit paradoxical. It is the argument that private property is intrinsically self-destructive, and that an economy based on private property needs governments unafraid of socialist measures to keep it going. Private property as currently understood—rights over assets structured to maximize their holders' ability to secure an income or a capital gain—is intrinsically unstable, because there is no limit to the number of possible rights one can erect on the basis of an initial right. Suppose I stand to inherit a large fortune from my parents? It would be a rational move for me to run a sweepstake on the date of their deaths, if I could expect to get more from the sale of the tickets than I would have to pay out in prize money. An obvious objection to allowing me to do any such thing is that it creates people with an interest in seeing that my parents die at some particular time, and we all know what that can lead to.

By the same token, under capitalism, the casino-like quality of the economic game must tempt people to erect all sorts of rather similar gambling devices. Given the remote relationship between the stock market and the underlying economy, it will always be tempting to sell tickets to a sweepstake on the future level of share prices, or to invent financial instruments whose value is contingent on very unpredictable events. It will be equally tempting to do the equivalent of "kiting"—the old criminal trick where successive bank accounts are opened on the strength of one small initial deposit, and subsequent fraudulent deposits, with the aim of emptying the largest account for cash before the first check bounces. The temptation to raise a loan on the strength of minimal assets, then use that loan as security for further loans, and so on is always strong; during a boom, it can work, just as the person who kites a check may put the proceeds on the right horse and come out all right. But more horses lose races than win them, and financial booms notoriously come unstuck.

The point is that there is nothing in the nature of private property rights to control the invention and manipulation of such rights and nothing to inhibit the potential for destabilization. It is deeply mysterious that even under as popular a president as Ronald Reagan, Congress should have been so readily taken in by demands for deregulation of the banking sector; the history of British banking in the nineteenth century ought to have taught everyone on both sides of the Atlantic that banks go broke if governments don't keep a careful eye on them. In an age of predatory takeovers, they are even more likely to go broke, because the temptation to puff up their apparent value by dangerous means is just about irresistible for anyone facing a takeover. By the same token, the regulations that gung-ho capitalists publicly deplore are essential if the stock market is not constantly to take off like a freshly charged rocket and fall back like a spent one. British socialists have long been resigned to seeing Labour governments rescuing the economy from whatever their Conservative predecessors got up to, and there is something faintly dispiriting about the thought that an argument for socialist measures is that they can keep capitalism working. It is less dispiriting as an *ad hominem* argument against mindless or hysterical defenses of laissez-faire.

Lastly, there is a view that I hesitate over but cannot entirely leave out. No matter what the actual follies of Soviet attempts at central planning, and no matter what the theoretical difficulties of gathering the sort of information that a planned economy needs, the ideal of replacing social accident by social reason is anything but absurd. To have a government at all is to make the first break with leaving everything in the hands of fate or accident. Even the most ardent enthusiast for the role of the entrepreneur and the market does not deny

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that the entrepreneur himself or herself must put together a firm that produces intended, not accidental products, and places them before their intended consumers or users. The casino element can be allowed to operate only in the sense that so far as any individual entrepreneur goes, it will be more or less luck that determines if his or her products are chosen or rejected when they are put on sale.

So far, the most productive economies we know are those where what Joseph Schumpeter celebrated as gales of creative destruction eliminate seven out of ten new enterprises—not to mention ninety-nine out of every hundred new novelists and pop groups. This process is effective in securing continuous growth but wasteful in the obvious sense that the resources of the unsuccessful could have been devoted to something more useful. Schumpeter thought socialism would arrive when all the investment opportunities had run out, so that managerial low- or zero-growth capitalism would to all intents and purposes be indistinguishable from managerial low- or zero-growth socialism. So long as there was enough room for entrepreneurial vigor, there would be a case for capitalism.

What it is hard not to hanker after is what he thought impossible: a system in which there was room for growth and imagination but in which we might get more of the answers right before trying them in the market place. As I said, we have to stop well short of Ernest Mandel's thought that Marxism was all about the coincidence of rationality *ex ante* and rationality *ex post*. Nonetheless, it is impossible to believe that we have to give up on the idea that broad-brush planning reduces waste and at any rate diminishes the irrationalities of production and distribution. Corporate capitalism makes little sense except on the understanding that something other than the market ought to operate inside a large corporation; as corporations grow larger they replace vulnerability to the winds of the marketplace with an orderly and planned existence.

Planning in some Western countries has become a casualty of the same sort of process that made the concept of the corporate state obnoxious. Once the corporate state became identified with the states established by Mussolini and Hitler, it was hard to say out loud that the corporatist criticism of unorganized capitalism was sound, and that modern governments abdicated their responsibilities if they did not deal with organized workers, and organized industrialists, to avoid mass unemployment, revolt, and political instability. By the same token, there is every chance that socialism for the less well off and the less well organized will be scorned, while socialism for the large corporations, for doctors, lawyers, financial planners, and the top strata of academics will flourish. Their lives will be sheltered from the sudden accidents of the classically unorganized marketplace, while those who need protection most will continue to be left out in the cold.

I am very conscious that these are cool, low-key considerations; they say nothing specifically to the groups whose lives must rack the consciences of any halfway civilized American—the homeless, the sick, the victims of the drug wars, women who feel cut out of public life, Hispanics who feel linguistically shut out, and blacks who feel that unofficial discrimination continues to dog them in every area of life. My excuse is twofold. One is that socialism cannot mean everything we favor. While one might hope that a socialist society would eliminate so many of the causes of racism, drug addiction, and the rest that there would be little of the uglinesses we now see around us, that is an empirical hope. Socialism as such must, if we're to discuss it calmly and hopefully, center on the public control of the consequences of an economic system based on private property. The second stems from that thought. We saw in the sixties and seventies how futile it was to try to build a politics out of every disadvantaged and alienated group one could think of.

What we have to keep saying here is that curing the particular evils we are all too familiar with demands that we take seriously the primacy of politics over economics. That means not letting go of the fact that the best of the so-called "free enterprise" economies are those where the government's responsibilities for health, education, and welfare are taken seriously, where governments do not sit on their hands in the face of incipient crisis. It means, in short, reiterating the old lesson that it is capitalism that teaches us the necessity of socialism.□

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Alec Nove

"MARKET SOCIALISM" & "FREE ECONOMY"

A Discussion of Alternatives

Alec Nove's The Economics of Feasible Socialism *(George Allen & Unwin, 1983) has rapidly become a classic text concerning modern socialist thought. (A condensed version of his final chapter appears in the pamphlet, "The Question of Socialism"—see ad on p. 477). A new edition of the book will include as an appendix the following urgently relevant text. We thank Alec Nove for permitting us to publish it in* Dissent.—EDS.

An attack on "market socialism" is now coming from a number of East European economists, converts to free-market ideology, who usually express regret at their own "naive" illusions of earlier times about the "reformability" of Soviet-type "socialism." A leading exponent of these ideas is Janos Kornai. He expresses his views systematically and cogently in *The Road to a Free Economy* (W.W. Norton & Co., New York, 1990). (The original Hungarian title was "A Passionate Pamphlet in the Cause of Economic Transition.") Its basic argument is that there is *no* "third way," no viable alternative to Western capitalism in one of its several forms, once one rejects Soviet-type "socialism." The experience of Hungary shows particularly clearly the failure of attempts to combine public ownership and marketization. So anything like "market socialism" is, in his view, a chimera. It cannot work. True, he points out that the Western model comes in many varieties: Sweden, the United States, and Japan differ in many ways. However, for him they share the characteristic that the bulk of the means of production is in private hands, and the market plays a dominant (though of course not an exclusive) role. No doubt echoing the views of many in his country, he declares that "following a number of decades in which a maximal state prevailed, it is now time to take great steps in the direction of a minimal state. Perhaps later generations will be able to envisage a more moderate mid-way."

I agree at once that the Hungarian halfway house—with state enterprises still subject to various instructions, benefiting from subsidies, "soft budget constraint," and lack of effective competition—was very unsatisfactory. Also that what he calls "freedom requirements" for private enterprise should certainly exist: there should be no discrimination in respect of supplies, taxes, access to foreign markets and foreign exchange, no need to apply for permits and licenses (though the need to register, if only to ensure that taxes are paid, is not an unreasonable requirement). I raised earlier the question whether, to qualify as "socialist," a society needs to impose some upper limit on the size of private activities. This is not a question that concerns Kornai, and this is, of course, an important difference. More important still is Kornai's emphasis on correcting (overcorrecting?) for the Communist regime's ideology of egalitarianism and negative attitudes toward "unearned" income, that is, income from property ownership, stock exchange or commodity deals, and the like, as well as income from other kinds of entrepreneurship. "Private production can be increased,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

modernized and raised to the level of successful modern large firms only if a considerable accumulation of private wealth takes place." He is so concerned with providing incentives for private enterprise that he even opposes progressive taxation.

Here our paths do diverge. But I can see why. He is understandably concerned with legitimizing private acquisitiveness in a social setting in which it was denigrated when it was not actively repressed. To take a Soviet example, suppose there were apples in Krasnodar and no apples in Kharkov. An enterprising would-be trader could make a lot of money by buying them cheap in Krasnodar and selling them at a much higher price in Kharkov. Most of his fellow citizens, as well as the law-enforcement agencies, would regard such activities as illegitimate speculation, the apple merchant as "greedy" and a scoundrel. Clearly, all this must change. The way to prevent fortunes from being made in such ways is by encouraging free entry into the apple merchandising business; competition should quickly eliminate the excess profit. This is indeed much, much better than to send the successful merchant to jail, or to subject him to a 90 percent tax rate. On this I agree entirely with Kornai. But an inhabitant of Thatcherite Britain could be excused for wishing to stress the undesirability of extremes of inequality, much of it based on inheritance, or on what have to be characterized as unproductive activities. To me an entrepreneur is one who devises some new product or method, produces goods and services, thereby enriching not only her or himself but society. He (or she) *works*, indeed works very hard and responsibly. This is not quite the same as pocketing an enormous commission for placing privatization issues on the stock market, or buying land needed for housing in order to resell it at a large profit, or the "work" of corporate raiders, whose take-over is followed not by installing a more efficient management but by a break-up and sell-off. The many American company executives who award themselves annual incomes of $1 million and more surely do so because of their position at the top of the company's *nomenklatura* rather than through successful entrepreneurship or exceptional marginal productivity!

Kornai rightly states that "the critical deficiency of socialist state property consists in the impersonalization of ownership." Therefore I, too, would welcome the emergence of real owners who take personal care of their business. But does he not know that in French a company or corporation is known as *a Societé anonyme?* It is on record that this characteristic of the limited liability company caused concern to Adam Smith. We now have institutional investors who acquire large packages of shares with other people's money and sell them again maybe a few weeks later. Or the "owner" is an indifferent absentee, his fortune administered for him as he basks in the sun in Bermuda. There is quite a sizable theoretical literature on the relationship of principal and agent, the formal owner(s) and working management. Sometimes the "owner" is an Arab sheik's bank, totally remote from the actual concerns of the firm, ready to be "satisficed" if things do not go badly. For all these reasons I connect my vision of a flourishing private sector with the concept that "small is beautiful," with owners that do relate directly with what they own. I do not conclude from this that absentee owners should be expropriated, or limited liability companies abolished in the real Western world in which we live. But in envisaging a transition from Soviet-type "socialism" to something more acceptable, we should not consciously aim to reproduce some of the less desirable features of Western society, and by "less desirable" I mean also those that contribute negatively to economic efficiency and welfare. True, Kornai shows himself well aware of the fact that private-sector operators can "greedily want to make money . . . cheat customers . . . defraud the state . . . forgo productive investment," and so on. Customer choice, "the dissolution of the shortage economy," competition, should act as a cure.

Yes, it should. But should it not also act as a cure to inefficiency of publicly owned or cooperative enterprises? Of course a nationalized monopoly facing a queue of customers in a sellers' market will often fail to perform adequately. But must public-sector enterprises

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

necessarily operate amid shortage? Yes, Kornai himself wrote in *Economics of Shortage*, in which he demonstrated that the generation of shortage was, so to speak, systematic. Let us accept that it is indeed a built-in characteristic of Soviet-type planning. But we are not speaking of a Soviet-type economy. Such economies also, with barely any exception, were polluters of the atmosphere and underfunded medicine. Is this then a necessary characteristic of any variety of economy containing a large public or socially owned sector?

Kornai himself would no doubt agree that competition, customer choice, makes a vital difference to productive efficiency, to producer motivation to satisfy demand. Would he also argue that Soviet and Hungarian experience proves that publicly owned enterprises are of their very nature incapable of competition? To the example of Moscow theaters, which undoubtedly compete for spectators, I could add Soviet literary journals such as *Novyi mir, Znamya, Nash Sovremennik,* and many others. Under conditions of *glasnost*, they seek with the utmost vigor to attract subscribers, while pursuing a variety of editorial policies. Kornai may point to the danger of censorship, to the possibility of sacking independent-minded editors, and I naturally agree that there should not be an imposed state monopoly in publishing. However, the world knows of many cases of censorship being imposed on privately owned papers, and such owners as Rupert Murdoch are not averse to sacking editors and imposing their political line. In Budapest there are (and have long been) restaurants that are the property of the state, or are leased, or cooperative, or private. Can one discern a correlation between forms of ownership and the quality of the cooking or service? Is it not the fact of competition, the absence of queues, of chronic shortage, that really matters? And in some areas of life the sense of public service matters, too. One thinks of the quality contrast between American commercial television channels and the BBC, the tradition (where it has survived commercial pressures) of punctual postal deliveries, and the like.

Is there not a case for much more research into which publicly owned enterprises perform well and which badly, and where, and why?

Electricité de France, the Dutch railways, Norwegian coastal shipping, American airports, Swiss postal buses, Swedish telephones, even Budapest's own municipal transport system could be contrasted with examples of wasteful or unsuccessful "public" activities, which exist also. Must Kornai also not study the many cases where the state– or municipally owned enterprise is subjected to a hard budget constraint? The world is full of complaints that public-sector expenditures of all kinds have been repeatedly cut, so it seems obvious that governments can resist pressures, and can close down the unsuccessful, if determined to do so.

And what of the role of the state as provider or financer of health, education, public parks, roads and other infrastructure, old-age pensions, a better environment, low-rent housing? Do such things lead us along "the road to serfdom"? Kornai does seek minimum social provision, but his attitude toward taxation and his emphasis on private gain and individual welfare seem to leave few resources for social purposes. It is not as if Eastern Europe under communist rule provided adequately for such things. On the contrary. In which case it seems wrong to stress private affluence to such a degree. He may rely on private-sector provision. But take just one example: housing. He is all for decontrol, for market forces to operate. But he must know that in Budapest, as in London, New York, Paris, and so on, the market rent exceeds the total earnings of a high proportion of teachers, postal workers, cleaners, hospital staff members. Nor is this a passing, transitional phenomenon. As for infrastructure, even in affluent America the individualist tax-cutting ideology has led to a dangerous backlog of repairs to roads and bridges. The USSR, Poland, and Hungary need large-scale infrastructural investment of a kind typically financed by the state in all countries.

Inflation, says Kornai, "is not a natural disaster, it is created by governments or the political powers behind them." An oddly Friedmanite formulation. In Britain, despite the government's commitment to combating inflation *and* a budget surplus, inflation has been fueled by unrestrained credits and loans granted by deregulated private financial institutions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Lastly, a word on structurally significant investment and the related question of the functioning of a capital market. I would simply refer to the ideas of Richardson,* and also to the quite considerable literature on the behavior of Wall Street and the City, the struggle of theorists to comprehend the gyrations of stock prices (and exchange rates too). Of course one needs to provide a means to acquire capital, to market shares, and this in turn requires the emergence of a stratum of market intermediaries, dealers. It is the diversion of so much energy and talent to what Keynes called "the casino" that causes concern to those who wish capitalism to prosper. In Britain, at least, the stock exchange is not a significant source of venture capital, or of resources for real investment. We have low savings, of which a large part goes into the purchase of foreign assets; high interest rates maintain a high value for the pound while discouraging productive investment; and the government believes in laissez-faire and even cuts scientific research budgets. All this hardly suggests changes in the structure of the British economy, which are urgently needed to cope with record trade deficits and industrial decline. Hungary, too, has inherited a number of structural distortions. I imagine Kornai's reply: yes, and these distortions were due to state control, state intervention, state investments, so why should the remedy involve more of the same? To which one can only reply: the state also neglected the environment and achieved record levels of pollution, but it still remains the task of the state to clean up the mess. To clean it up in association with private business, private capital, including foreign capital, is most certainly needed to finance necessary investments. Yes, it is necessary to incorporate a small country like Hungary into world markets, especially into Western Europe. But Western Europe too will be contemplating its own investment strategy, involving energy, fish stocks, steelworks. It also proposes a social charter, much disliked by Thatcher and apparently also by Kornai, since he emphasizes that wage bargains must be a matter left solely to free negotiation between employer and employee (other than in the state sector, where he advocates tight wage control).

Kornai is, after all, not Hayek or Friedman. He does recognize a role for the state beyond that of a "night watchman." He would agree that industrial zoning, preservation of architectural ensembles, policies designed to restrict megalopolises (Mexico City now has over twenty million inhabitants!) are necessary areas of public policy, and that public parks provide more human freedom than would their sell-off to private individuals. Nor does he oppose the "safety-net" concept of a welfare state, and he favors action to protect the environment. If I understand him aright, he wishes to give emphasis to private wealth creation, so that, in due course, social democrats could demand and obtain more for social purposes. Indeed, he may then even join them himself. Of course his ideas are deeply influenced both by East European experience and by the urgent need to compensate (even overcompensate) for the distortions imposed by state and party under communist rule. He stresses that he is concerned with immediate remedies for countries such as Hungary, and not with describing the sort of society he prefers. I imagine that if he were a British citizen in the year 1990 his emphases would be different, as mine are. For one thing he would be conscious of the fact that Thatcherite laissez-faire has *not* had a positive effect on the real wealth-creating sectors of the British economy.

Which leaves us both far from "socialism" in any variant of that ill-defined word. Perhaps we would both settle for a kind of welfare-capitalism-with-a-human-face, not easy to distinguish from a "socialism" with a big role for private capital and individual entrepreneurs? Much may depend in the end on the stability of the international system that the East Europeans are now so keen to join. What if it founders under a mountain of debt and cumulative trade-and-payments disequilibria? As far as I am concerned, *not* devoutly to be wished. But who can say that it is impossible? □

* G.B. Richardson showed that perfect competition provides no basis for investment decisions, since the profitable opportunity is seen by all one's competitors.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Shlomo Avineri

TOWARD A SOCIALIST THEORY OF NATIONALISM

Of all the historical phenomena discussed by Karl Marx, his treatment of nationalism, nationalist movements, and the emergence of the nation-state is the least satisfactory. It also left a problematic heritage to the socialist movement, with a veritable "black hole" where a confrontation with one of the most potent social and political forces of the nineteenth and twentieth centuries should have been.

Marx never discussed nationalism in any systematic way, and what we have are a number of disjointed statements dealing with the issue, sometimes on a very general level, sometimes in response to specific historical events on which he had been commenting in newspaper articles. A careful study of these scattered references will show that there are two distinct analyses of nationalism in Marx, one pre- and one post-1848. The pre-1848 I would like to call the premodern paradigm, the post-1848 the bourgeois paradigm.

The *locus classicus* for the premodern paradigm (Paradigm I) is to be found in *The Communist Manifesto*, where the universalizing power of the capitalist market is sketched by Marx in memorable and pithy language. This universalizing thrust, according to Marx, does away with everything that is particular, be it regional or national. The capitalist mode of production is to Marx the first to have

> given a cosmopolitan character to production and consumption. . . . To the great chagrin of reactionaries, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question to all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed not only at home but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations. And as in the material, so also in the intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures there arises a world literature . . . .

And furthermore:

> National differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding to them.[1]

Hence Marx's famous dictum that "the workingmen have no country" and his postulate that in the future "the supremacy of the proletariat will make [these differences between the nations] vanish still further." National differences thus are likened in this paradigm to other premodern traits, like local customs and dress: they are all due to disappear before the universalizing onslaught of the bourgeoisie and be even more perfectly integrated into a world-culture by the proletarian revolution.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It was this aspect of Paradigm I of Marx's thoughts on nationalism that came to characterize the cosmopolitan and internationalist heritage of the socialist movement. Yet Marx himself subtly changed his views, though without ever admitting that he had done so. The experience of the revolutions of 1848-49, during which nationalism appeared as a major force for the first time, occasionally proving to be much stronger than class interests, was followed very closely by Marx as editor of the *Neue Rheinische Zeitung*, and his journalistic writing of this period abounds with many insights into the emergence of, and clashes between, various national movements—in Germany and Italy, in Poland and Bohemia, in Hungary and Croatia. Obviously such a powerful force evidently changing and redrawing the map of Europe, reordering borders and state structures, could not any more be subsumed under the antiquated paradigm as a mere appendix of premodern economic formations, about to be swept into the dustbin of history by the universalizing forces of market capitalism.

What Marx developed after 1848-49, and mainly in response to the developments leading toward the unification of Germany and Italy, was Paradigm II—the explanation of nationalism as a modern superstructural expression of the bourgeois need for larger markets and territorial consolidation. In this paradigm, far from being an exotic and romantic, or romanticized, relic of the pre-industrial age, nationalism becomes (to use Eric Hobsbawm's later phrase) a "building block" of capitalism.

According to this paradigm, capitalism needs large economic entities: it cannot function and develop properly when Germany, for example, is divided into thirty-seven states, ministates and city-states, each with its own laws, customs arrangements, political structures, and currency. The unification of Germany—and of Italy—is no longer just a dream of the romantics, yearning for elusive and imaginary Teutonic forests or Roman glory: it is in the direct economic interest of the bourgeoisie, and nationalist ideologies are nothing other than superstructural strategies of legitimation for these economic interests. The *Zollverein*—the mainly North German customs union that preceded the political unification of Germany under Bismarck—is the model for the emergence of modern nation-states. Nationalism is no longer premodern for Marx—it is the epitome of the processes of capitalist development and industrialization.

Because of this, Marx now supports, for instrumentalist but not immanent reasons, the unification of Germany and Italy: whatever helps develop capitalism is, of course, ultimately hastening its demise. Furthermore, only in large, unified entities can the proletariat develop an adequate class consciousness and not be sidetracked into secondary efforts. Marx's support for Prussia, for example, in the 1870–71 Franco-Prussian War was argued in terms of the instrumentality of this war toward Germany's unification and as an important step in the development of industrialization, capitalism, and the ensuing strengthening of the working class. As one might imagine, such a view, overlooking the immediate causes of the war, did not always sit well with others within the radical movement, with its emphasis on ethical considerations and opposition to the kind of regime epitomized by Bismarck. Yet Marx never wavered from this instrumentalist approach, eschewing merely "moral" approaches.

It was therefore wholly consistent with the consequences of Paradigm II that Marx opposed the various national movements in Central and Eastern Europe of those people who tried to secede from the Austro-Hungarian Empire or achieve autonomy within it—mainly the Czechs and the Croatians. They, and other Slavonic groups, by trying to "Balkanize" the Hapsburg Empire, are "reactionary" in the sense that should they succeed, industrialization and economic development in Central and Eastern Europe will be slowed down, and hence the eventual victory of the proletariat will be hampered. Czechs, Croatians, and Serbs should not set up separate states but be integrated into the one, larger market of Germany-Austria. Similarly, Marx argued on another occasion, Denmark should be absorbed ultimately by Germany—and Mexico by the more developed and capitalist United States.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

What hastens capitalist development is "progressive," what hinders it is "reactionary," and should be opposed.[2] Less developed areas and populations should be integrated into the more developed ones, and thus the Czechs, who have no bourgeoisie, will eventually be able to develop an industrial society only in connection with the German-Austrians. Nowhere in Marx is there any mention of a right to self-determination or support for "national liberation" as such.

This appears as a straightforward view, which, while wholly instrumental and devoid of any substantive assessment of nationalism, is consistent with Marx's general view about the relations of "developed" to "nondeveloped" societies.[3]

Yet a curious inconsistency becomes apparent. Given the theoretical argument in favor of larger economic entities and absorption of less developed regions within the larger, more developed ones, one would have expected Marx to support the integration of the Polish lands into the three empires (German, Austrian, and Russian) that have divided the historical Polish commonwealth among them. Had Marx been consistent, the fate of the Poles should not be different from that of the Czechs, Slovenes, and Croatians. After all, the Poles had a highly archaic, feudal social structure, there was no ethnic Polish bourgeoisie, commerce was in the hands of Jews and Germans. Yet throughout his life, Marx strongly supported Polish independence and the restoration of its political integrity.

It could be argued that Polish independence was such a central platform for the European left in the nineteenth century that it would have been extremely difficult, if not politically impossible, for Marx to dissociate himself from it, regardless of whatever theoretical grounds he might have had that militated against Polish independence. But it appears that other considerations were at work—considerations related to an overall revolutionary strategy that eventually overruled Marx's own theoretical considerations.

Ever since the failure of the 1848–49 revolutions, Marx became obsessed with the fear that a Czarist Russian military intervention might frustrate whatever gains a revolutionary movement would achieve in Western and Central Europe. This was not an imaginary or groundless fear: both from 1812 to 1814 and in 1848 and 1849, Russian military forces secured the victory of reactionary and conservative regimes in Europe—first against Napoleon and the heritage of the French Revolution, later against liberal uprisings in Vienna, Prague, and Budapest. In both instances, the reactionary regimes in Europe were able to maintain or regain their hold on their people by calling on the Russians and thus tipping the balance of forces. In the 1850s, this fear of Russian intervention became one of Marx's central concerns—and it was for this reason that he supported the independence of Poland. The very reemergence of an independent Poland would be a severe setback to Russia, and—this was central to Marx's thinking—it would set up a buffer state between a weakened Russia and the West, thus making Russian counterrevolutionary intervention more difficult and less likely. It was for similar reasons of containing Russia that Marx in the 1860s and 1870s supported the British policy of propping up the Ottoman Empire: the emergence of Slavonic nation-states in the Balkans would greatly strengthen Russia, and the dissolution of the Ottoman Empire would also bring Russia to Constantinople and the shores of the Bosphorus. This would greatly enhance Russia's power to intervene and frustrate revolutionary developments in Europe. In this context Marx saw Pan-Slavism as a mere Russian imperial device, and hence opposed Czech and Serbian nationalism also because of their connection with Pan-Slav ideologies.

These views made Marx into a strange ally of British conservative politicians, who were basing their policies on the "Eastern Question" on an attempt to curb Russian influence in the Levant. This position also moved Marx in the wake of the initial Russian defeats in the Russo-Turkish war of 1877–78 to postulate the possibility of a revolutionary situation in Russia and the eventual dissolution of the Czarist Empire, thus liberating the European revolutionary movement from the nightmare of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

another Russian counterrevolutionary military intervention.

The complexities of Marx's attitude to the question of nationalism left an ambiguous heritage to the socialist movement insofar as it relied upon Marx as a guide to its policies toward the national question. The fact that there were two paradigms in Marx's own thinking—and that Paradigm II has been mitigated and greatly circumscribed by strategic considerations—did not make it easier to come up with a coherent theory of nationalism. The intensification of the development of nationalist movements toward the end of the nineteenth century also made the articulation of a socialist policy toward these phenomena into an exercise in frustration and sometimes incoherence.[4]

By and large, however, the instrumentalist approach as expressed in the bourgeois paradigm (Paradigm II) remained dominant. It was to be summed up in perhaps the most succinct way by Trotsky, who maintained that "the national state is erected as the most convenient, profitable and normal arena for the play of capitalist relations."[5]

Yet in the process of the political struggles of the various socialist movements, especially in Eastern Europe, and the emergence, through civil war and outside intervention, of the Soviet state, this general theory and its proponents found themselves facing a recalcitrant political reality that pushed them in opposite directions. The conditions of the multi-ethnic Czarist Empire introduced into Lenin's thought and revolutionary strategy the notion that all the nations of the old Empire would have—come the revolution—the right to self-determination and secession. Such a view, which still failed to define what is a nation, and basically had no grounding in Marx's own thought, proved extremely difficult to maintain, given the vicissitudes of the political realities of the Bolshevik revolution—as the history of the Ukraine and the Transcaucasian republics would show in the years 1917–1923.

Even before this Lenin had to clarify his position on the national question within the socialist movement, for example in relation to such an issue as the place of the Jewish and Polish socialist parties within the structure of the overall Russian socialist movement. The details of Lenin's controversy with the Jewish Socialist *Bund*, and to what degree it determined later Soviet attitudes to the Jewish question and to Zionism, do not need to detain us here.[6] Suffice it to say that some of the more convoluted arguments used by Lenin and his followers, in combining highly theoretical constructs with crude political necessity, amply show how inadequate the legacy Marx left to his followers on the national issue really was.[7]

The same lack of theoretical consistency could be seen in the controversy between Lenin and Rosa Luxemburg on the question of Polish independence. Lenin advocated the establishment of an independent Poland and advised Polish socialists to fight for the victory of the working class within a future independent Polish state; to him, the Poles, like the Finns and the Baltic nations, had the right to secede from Russia (as well as, in their case, from the German and Austrian Empires). Luxemburg and her party (with the carefully chosen name of the Social Democratic party of the Kingdom of Poland and Lithuania, clearly excluding the Polish lands under German and Austrian rule) opposed Polish independence. They argued—following the bourgeois Marxian paradigm—that it was in the interest of capitalist, and hence proletarian, development not to break up large economic entities, and that the underdeveloped structure of Polish society would hinder economic and social development if Poland became independent. The paradox was that although the Luxemburgian conclusion about Poland was the exact opposite of that of Marx (who saw an independent Poland as a cornerstone of his revolutionary strategy), its argument in favor of large economic entities could be presented as being truly within the Marxian theoretical construct of Paradigm II. To Luxemburg, nationalism was nothing more than a "false consciousness" exploiting genuine feelings of solidarity based on a common culture cynically manipulated by bourgeois demagogues.[8] The main Polish socialist party, the PPS, however, took a different path—in a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

way following the Leninist approach but from different (that is, Polish national) motivations. That the PPS leader, Josef Pilsudki, eventually left his own party on the issue of nationalism and later, as a commander of the Polish Army, confronted the Red Army at the gates of Warsaw, only proves once more how extremely malleable the Marxian attitudes to nationalism really were. As a guideline to politics, especially in the highly charged and volatile atmosphere of a revolutionary situation, they were hardly of any use.

Yet Lenin's main contribution to the Marxian theory of nationalism and its adaptation to twentieth-century conditions appear in his theory of imperialism: it is here that he widens the scope of the Marxian Paradigm II and argues that nationalism appears not only with the emergence of capitalism but is intensified in the era of imperialist expansion to universal dimensions. In this process, however, nationalism dialectically becomes an anticapitalist force, as the national movements in the non-European colonies emerge as a response to the exploitation of the colonial people by the European capitalist powers. On the other hand, a "chauvinistic" form of nationalism appears within the imperialist societies themselves, in response to these national liberation movements.[9]

Although this is obviously an elaboration of the basic ideas underlying the Marxian Paradigm II, it gives rise to a new ambivalence about the political classification of national movements. In Marx the national movements calling for political unification of large units (Germany, Italy) were called progressive whereas the nationalism of small nations (Czechs) were reactionary, but Lenin now called Asian and African nationalism progressive while European nationalism came to be seen as reactionary. Although this distinction may have been politically helpful despite the strange bedfellows with which it occasionally saddled the Communists (like the Communist-Islamic alliance in Palestine, when the Soviets supported the Mufti of Jerusalem in the 1930s), it was intellectually problematic from the point of view of Marxist class analysis: most European socialist movements did not disassociate themselves, until World War II, from the imperialist nationalism of their countries. Indeed, the French Communist party continued to support French rule in Algeria well into the 1950s.

This allows one author of a recent attempt at vindicating the Leninist position to maintain that the strength of Lenin's views was due to his "leaving open the question of the nature and role of nationalism and its relationship with socialism."[10] The intent of this observation is obviously laudatory: it is, however, an admission of Lenin's failure to develop a general theory of nationalism and its relationship to a Marxist socialist analysis.

In recent decades there have been some serious attempts within Marxist circles to restate and reformulate what became known as the Marxist-Leninist theory of nationalism. These attempts were part of a wider context of trying to restructure Marxism and salvage some of its theoretical constructs and its radical emancipatory vision from the detritus of Soviet reality. The inadequacies of the Marxian paradigm with regard to nationalism were discussed here with a candor and open-mindedness rare in previous discussions of the subject within the socialist and communist movements.

Thus we find a number of Marxist theoreticians affiliated with different groups of the New Left admitting for the first time that Marx—and Marxism—never had a theory of nationalism, or that whatever theory on nationalism Marxism did develop was inadequate and utterly wrong. John Ehrenreich maintains, "It is time to admit that as Marxists we simply have no understanding of the phenomenon [of nationalism]."[11] Calling his studies "a work of destruction," Ehrenreich does not offer an alternative theory but hopes to stir up a debate and shock orthodox Marxists out of their complacent reiteration of pious platitudes about "proletarian internationalism." Similarly, Regis Debray, in a long interview in which he tries to trace his disillusionment with Marxism, points out that the inadequacy of Marxist theory with regard to nationalism was the first issue that raised doubts in his mind about Marxism in general.[12]

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Nicos Poulantzas, apparently totally despairing of salvaging any Marxian component for a theory of nationalism, reverts to what appear as echoes of Lévi-Strauss—but are ultimately a mere tautology—when he says, "Territory and tradition are inscribed in the underlying conceptual matrix of space and time," and postulates a total autonomy of the state—via nationalism—from class structures.[13]

Horace Davis, on the other hand, tries in his studies to retain some of Lenin's theses by arguing that although in general national liberation movements are "emancipatory," there are cases in which a national struggle does not possess class components (as in some "classless tribal societies in Africa"), while on other occasions a national struggle becomes the struggle of all classes (as in the case of Castro).[14] Although he admits that Lenin's analysis of the class basis of nationalism is "in need of re-formulation," the pattern emerging from Davis's serious and detailed study is so fraught with reservations and exceptions as to verge on the incoherent. This leads another Marxist scholar, John Blaut, to argue that if one tries to tinker with the Leninist model the consequences leave Marxism with no adequate guidelines whatsoever for political action.[15]

A versatile new chord was struck in the late 1970s and early 1980s by Marxist writers laboring under the impact of developments in Northern Ireland—and to a lesser degree the emergence of nationalist tendencies in Wales and Scotland (as well as in Quebec), which were associated with left-wing ideologies. Brian Jenkins and Günter Minnerup argue that although Marxism has "converted progressives of all shades to the cosmopolitan dream of One World as the antidote to the nationalist fever," it cannot anymore avoid admitting the autonomous power of nationalism in terms of class structure, nor the emancipatory power of nationalism as such, not as a mere adjunct of the class struggle:

> Far from being the dark source of most modern evil, the nation state actually represents the pinnacle of human development in the field of political emancipation.
>
> The common view that the nation state is an anachronism which has been long outstripped by the development of productive forces . . . [is shared] by bourgeois liberalism and Marxist socialism.[16]

Such iconoclastic revisionism is shared by Tom Nairn, perhaps the most radical of the New Left thinkers on nationalism. In a number of publications he presents a complex—and perhaps confusing—picture of how to fit nationalism into Marxism. On the one hand, he calls nationalism "the pathology of modern development" and in a Marxist orthodox fashion sees it as traceable to economic factors—but in a novel way: nationalism is the outcome of the *uneven* development of capitalism (hence the "pathology"). Its sources are transnational in the sense that the upper classes of less developed societies, who are most directly hit by the unevenness of economic developments, succeed in sweeping with them the other classes of colonial societies into the national liberation movements. On the other hand, all nationalisms are reduced to this model, and therefore fascism and Castroism belong to the same category and are merely two facets, albeit with clearly distinguishable consequences, of the same "inherent unity," however differently they are to be judged from the revolutionary point of view. For a Marxist scholar thus to claim, "Fascism is the archetype of nationalism"[17] and yet support some forms of nationalism suggests an admission that nationalism has no fixed class matrix, and therefore Nairn still has to agree that the theory of nationalism is "Marxism's greatest historical failure."[18] All this is then used to play around with the idea of advocating the break-up of Britain and the possible emergence of independent nation states on its Celtic fringe as being in tune with such a reading of Marxism.

As one could imagine, such a complete breakdown of the Marxian paradigm evoked a response, and the most sophisticated attempt at restating, though in a nuanced way, the classical Marxian position came from Eric Hobsbawm. With his erudition and combination of historical analysis and theoretical sophistication, Hobsbawm set out to demolish what he considered a revisionist outpouring of sheer nonsense. This was done with verve, wit, and obvious impatience, and while sometimes

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

caricaturing his opponents' views, he points out that when speaking within the Marxian tradition, one cannot go beyond certain conceptual boundaries. Hobsbawm argues that the revisionists—especially Nairn—have totally misunderstood the historical function of nationalism. Yet he admits that Marxism itself does not and should not offer overall theoretical political answers to the phenomenon of nationalism. It is worthwhile to cite him at some length:

> Marxists . . . have to come to terms with the *political fact* of nationalism, and to define their attitudes towards its specific manifestations. Ever since Marx, this has for the most part and *necessarily*, been a matter not of theoretical principle (except for the Luxemburgian minority which tends to suspect nations *en bloc*) but of *pragmatic* judgment in changing circumstances. In principle, Marxists are neither for nor against independent statehood for any nation.[19]

In the nineteenth century, Hobsbawm argues, the emergence of nationalism in Europe created the "building blocks" of capitalism—though even in Europe there have been cases of "Ruritarian" nationalism. In the twentieth century things have changed. First of all, the further development of capitalism, which needed national states in its first stage, now tends toward multinational developments, and the salience of nation-states decreases. The disintegration of the European empires has now totally divorced the link between anti-imperialism and national liberation movements, and opposition to neocolonialism is not a struggle for self-determination, which has already been achieved through decolonialization.

In this changed world, Hobsbawm argues, the nationalist movements—like those defended and advocated by Nairn—are very different from those of the nineteenth century: the classical nationalism of the nineteenth century aimed at uniting different provinces and regions into one nation-state and into one economic market. The new nationalisms of the second half of the twentieth century are not unifying but, on the contrary, aim at the fission of developed capitalist states (Britain, Spain) and as such are reactionary. This new nationalism leads to absurd concepts of national sovereignty that have nothing to do with Marxist principles. In a scathing set of commentaries on what has become a new fetishism of sovereignty, Hobsbawm writes,

> The majority of the members of the United Nations is soon likely to consist of late twentieth-century (Republican) equivalents of Saxe-Coburg-Gotha and Schwarzburg-Sonderhausen . . . .
>
> Any speck in the Pacific can look forward to independence and a good time for its president, if it happens to possess a location for a naval base for which more solvent states will compete, a lucky gift of nature such as manganese, or merely enough beaches and pretty girls to become a tourist paradise. . . .
>
> If the Seychelles can have a vote at the United Nations as good as Japan's, then only the sky is the limit for the Isle of Man and the Channel Islands . . . .[20]

Hobsbawm's critique certainly restored to the debate its historical seriousness and extricated it from some of the narrower sectarian interests of some previous participants. Yet Hobsbawm was not able to suggest a fundamental Marxian attitude to nationalism beyond the merely instrumental approach postulated by Marx's Paradigm II. The problem remained where it has been since Marx left his followers with his unwillingness to discuss nationalist phenomena on their own merits.

Where does all this leave Marxism today? The basic flaw of the Marxian analysis of nationalism has been the attempt to reduce all its phenomena—including the cultural aspects of nationalism—to socioeconomic causes and deny nationalism, and culture in general, an autonomous status in the human scheme of things. Viewing nationalism as merely superstructural is, of course, only one facet of the general Marxian analysis of historical development—yet it makes it extremely difficult for Marxists to assess concrete nationalist movements. There is truth in the feeling that the Marxian Paradigm II limited the scope of nationalism to generalizations based on the example of the *Zollverein*—and the *Zollverein* happens to be a very limited model for the explication of such an enormously powerful

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and universal social phenomenon subsumed under the general heading of nationalism.

But just as one can find in Marx himself more differentiated views in some of his *obiter dicta* on literature (such as the excursus on the Greek classics in the *Grundrisse*, where Marx admits that they have validity beyond the concrete class structure that gave rise to their writing), so the socialist movement itself, both within the Marxist tradition and on its periphery, did bring up alternative, nonreductive models. Any attempt to revive interest in a socialist theory of nationalism must take these into account, and a few of these attempts will be mentioned here as the possible context within which a future debate about socialism and nationalism will have to take place.

In the writings of Moses Hess one can find a complement to Marx's reductivism. Despite Marx's disparaging remarks about Hess in *The Communist Manifesto*, the confluence of many of their ideas continued throughout their lives, though Hess never developed a theoretical edifice comparable to the one erected by Marx. Perhaps because he was no system builder, Hess could be more attuned to social developments happening in his own time, while Marx occasionally had to force all phenomena into the Procrustean bed of his theoretical matrix. While Hess later became known for his proto-Zionist *Rome and Jerusalem* (1862), his views on nationalism were not limited to Jewish issues but rather the other way around: because he had a general awareness of the rise of nationalism, he applied it also to things Jewish.

In his views on nationalism, Hess was close to Mazzini's thinking, which saw the nation as a laboratory for solidarity, as the fulcrum where human beings are educated to behave in nonegotistical ways, learning how to transcend their merely individual interests for the sake of communal other-directedness. Hess also viewed the national community as an element of mediation, and thus introduced a Hegelian theoretical dimension that was curiously lacking in Marx, for whom mediation was exclusively focused on class solidarity at a universal level—hardly the kind of concreteness called for by a Hegelian understanding of mediation. Moreover, with the victory of the proletariat and the abolition of class differences, even this aspect would be eliminated, with only a very abstract notion of humanity holding together all humankind. Hess, on the other hand, maintains,

> Nationality (*Nationalität*) is the individuality of a people. It is this individuality, however, which is the activating element; just as humanity cannot be actual (*wirklich*) without distinct individuals, so it cannot be actual without distinct, specific nations and peoples (*Nationen und Volksstämme*). Like any other being, humanity cannot actualize itself without mediation, it needs the medium of the individuality.[21]

To Hess, the revolution, which will abolish classes, will also abolish national conflicts—but not the existence of nations. Culture—mores, tradition—all have an autonomous existence related to class structure (as in the case of the uneven socioeconomic structure of the Jews in the Diaspora), but not exclusively reducible to it. The emancipation of subject nations is itself a cornerstone of the cause of proletarian revolution according to Hess, and while Marx envisages the disappearance of most nations into the larger economic units dominated by two or three European cultures, Hess postulates a postrevolutionary future in which all nations will be free and able to develop their own culture, and this will include even the smallest nation, whether it belongs to the Germanic or Romance race, to the Slavonic or Finnish, to the Celtic or the Semitic.[22]

Hess's views did not have much impact (except eventually within the limited sphere of the socialist Zionist movement), yet a similar challenge was posed on a much wider scale to the Austrian socialist party. The unique contributions of Austro-Marxism to socialist theory—its introduction of nonreductivist aspects into historical and economic analysis—has often been noted, though for obvious historical reasons, it is today much less acknowledged than it should be. But on the national question, the Austrians had to face a specifically complex situation, growing out of the fact that with industrialization in Austro-Hungary the major-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ity of the proletarianized former peasants who crowded into Vienna were not of German stock and did not speak German: they were Czechs, Slovaks, Hungarians, Croats, Slovenes, Poles, and Jews. For a socialist party (based as it originally was on German-speaking, Viennese activists) to carry out its political propaganda in German among such a polyglot non-German proletariat posed a number of excruciating problems. The party leaders realized that they might not be understood at all, literally—but worse, they might be perceived by the non-German workers as just another example of German-language hegemonism, and the socialist message would be totally lost in this misconception. As a consequence, the Austrian party decided to organize itself in different language sections, so that a worker in Vienna could join a Czech or Slovenian socialist club in which his or her language, not German, was used. This gave the overall party organization a federalist structure, in which cultural pluralism became the cornerstone of political organization and practice.

Moreover, on the theoretical level, some of the Austro-Marxists like Otto Bauer and Karl Renner also tried to relate class structure to national problems through a sophisticated historical approach. They argued, for example, that subject nations like the Czechs lost their upper classes when conquered by the German Hapsburgs—either through massacres or cultural assimilation. As a consequence, the disappearance of such national elites meant that the Czech nation remained a nation of peasants—with no social and political leadership, with no literary elite, and with economic dependence on German-speaking landlords. Capitalist development thus started with the German-speaking traditional elites, and the Czech peasant-turned-proletarian found him- or herself subjected to a double exploitation—economic and cultural. It was the impoverished cultural sphere of the Czech lower classes that the Austrian socialist party set itself to salvage in its political and cultural activity, thus giving the Czech (or Croatian) worker both economic and cultural empowerment.

This is obviously an attractive project, and in the Austro-Hungarian context it tried also to supply a "third way" between German-speaking hegemonism and the xenophobic nationalism of the various nationalities of the empire, whose nationalist movements were calling for the break-up of the Dual Monarchy and the establishment of numerous nation-states on its ruins. The Austro-Marxist alternative was to preserve the old empire but transform it from a hegemonic structure of national and social subjection into a federation of national and cultural groups—a model for a truly internationalist socialism in which nations are not subsumed under each other but coexist in a pluralist structure. Bauer and his colleagues also envisaged that in such a socialist federative commonwealth there would be two tiers of representation: one territorial, the other national-linguistic. The first would deal with the obvious issues common to all citizens of the territory; the second, election to which would be reserved for members of each specific group, would deal with problems of education, language, culture, historical heritage, and so on. It was in this pluralistic system that the Austro-Marxists saw a guarantee against a hegemonism imposed by the economically stronger groups (like the German-Austrians) over the weaker and less developed national entities.

The impact of these ideas can, of course, be identified in different ways in such disparate areas as the Soviet nationalities policy, the Yugoslav model, socialist Zionism, and some aspects of Quebecois and Basque nationalism.

It is in this context that Joseph Stalin deserves to be mentioned. While the political consequences of his nationalities policies as carried out by Lenin and then by himself have in many cases been catastrophic and brutally repressive, it cannot be denied that some of the smaller peoples of the Soviet Union owe a cultural revival to these principles. Although Stalin in his 1913 brochure on the nationalities problem disagreed with the Austro-Marxists with regard to the nonterritorial aspects of their nationality policy, his very definition of a nation—not always adhered to by Soviet practice—does evince a sensitivity to the cultural aspects of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nationalism and goes beyond the classical Marxian reductivist paradigm. It is worth quoting Stalin's definition of a nation:

> A nation is a historically evolved stable community of language, territory, economic life and psychological makeup manifested in a community of culture.[23]

One should obviously be careful not to advocate a revival of interest in Stalin, but this aspect of his thought should not altogether be forgotten, especially as it is so near in its openness to the Austro-Marxist pluralist approaches in realizing the autonomy of cultural dimensions. The tragedy of the matter, however, is that the repressive nature of the Soviet state vitiated the realization of this politically pluralist program.

And last, we come to a rather unknown contribution (outside of Israel) of a Zionist socialist thinker, Chaim Arlosoroff. Born in the Ukraine, educated in Germany, emigrating in the 1920s to Palestine, Arlosoroff tried to define his Zionism in terms of a general theory of the relationship of socialism to the national question. At the age of twenty he wrote a brochure called *On Jewish People's Socialism*, owing its terms of reference both to the Russian populist and the German youth movement tradition. Before dealing with the specific Jewish problem in post-1918 Europe, Arlosoroff addressed the wider problem of the failure of the Socialist International in the summer of 1914 to maintain internationalist class solidarity. According to Arlosoroff, the blame lay with the abstract internationalism of the Marxist tradition, where general commitments to international solidarity across national boundaries were reiterated again and again—but without being anchored in a concrete mediation of institutions and behavior patterns (an argument reminiscent of Hess's insistence on mediation). The workers consequently did not find in the socialist movement a response to their concrete consciousness regarding their culture and heritage—and hence went somewhere else. In the charged atmosphere of 1919 Arlosoroff warned the socialist movement, almost prophetically, to substitute for its abstract universalism a universalism mediated by concrete identity with historical cultures, otherwise it might lose working-class support to the right wing. For even if the worker is alienated from the elites of his society and its high culture, he does have a concrete cultural consciousness that binds him to the language and culture of his national environment:

> The community of national life and destiny moves the hearts of the workers as strongly as it does that of any other member of society. He too loves his mother tongue, in which the sparse lullabies were sung to him, in which the spirit of his parents lived and created. He too loves his homeland, the people of his homeland, their manifold manners and traditions [*Sitten*], their multicolored artifacts, the sky of his homeland and the fields and towns of his fatherland. He too carries the culture of his nation within himself: his being, his emotional life, is its being, its life.[24]

The Second International overlooked, according to Arlosoroff, this aspect of the concrete consciousness of the working class and substituted for it an abstract universalism, which was never anchored in the praxis of the proletariat. Hence its brittleness in the face of the nationalist onslaught of the summer of 1914.

Arlosoroff further warns that if the newly organized socialist movement, trying to resurrect itself after the war, will not take into account this cultural content of the concrete consciousness of proletarian life, the working class may go somewhere else—to a movement or a leader who would address these issues. Bearing in mind that this was written in 1919, the prophetic force of this statement cannot be overlooked.

Socialism has thus been burdened with an antinational bias, which drawing on the universalist ideas of the eighteenth-century enlightenment did not make it especially capable of meeting the challenges of the late nineteenth and twentieth centuries. In this blindness and in a very profound sense, Marxism shares this poverty with its rival, classical liberalism. Both, being offsprings of the universalist ideas of the Enlightenment, have difficulties in perceiving and granting legitimacy to historical entities that cannot be subsumed under purely universal criteria. Even as the proletariat is central to Marx because it is a "universal"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

class, so the market is for liberalism the epitome of universal modes of human conduct.

Nationalism relates to the particular, but this particular can be woven—as it has been by the Austro-Marxists—into the universal realm. It is a mode of human communication, perhaps the strongest mode because it relates directly to language, and modern communication is anchoring it even deeper in the concrete consciousness of human beings. For anyone thinking in communitarian terms, this is a veritable challenge. □

Notes

[1] Karl Marx, Friedrich Engels, *Basic Writings on Politics and Philosophy,* ed. Lewis S. Feuer (Garden City, 1959), p. 345.

[2] In the case of Engels, condescending remarks on the nonhistorical nature of Slavonic nations added some venom to these comments. For some Yugloslav critical comments, see France Klopcic, "Friedrich Engels und Karl Marx uber die 'Geschichtslosen' slawischen Nationen," *Marxismus und Geschichtswissenschaft,* ITH Tagungsbericht, vol. 19 (Wien, 1984), pp. 217–249.

[3] See the introduction to my edition of Karl Marx's *On Colonialism and Modernization* (Garden City, 1968), pp. 3–31.

[4] For some of the recent critical literature, see Walter Connor, *The National Question in Marxist-Leninist Theory and Strategy* (Princeton, 1984) and Roman Szporluk, *Communism and Nationalism* (New York and Oxford, 1988), esp. Parts I and III.

[5] Leon Trotsky, *The History of the Russian Revolution* (London, 1967), III, p. 39. That Trotsky is aware that such a theory does not fit into any concrete analysis of the historical emergence of capitalism is evident from the fact that he immediately remarks in the following sentence that the rise of the capitalist mode of production in the Netherlands and in England preceded the formation of national states, and that basically his generalization is drawn from the example of the German *Zollverein.*

[6] See Jonathan Frankel, *Prophecy and Politics: Socialism, Nationalism and the Russian Jews 1862–1917* (Cambridge, 1981), esp. pp. 171–257.

[7] A detailed list of Lenin's writings on the national issue can be found in James M. Blaut, *The National Question* (London and New York, 1987), pp. 220–221.

[8] For a useful collection of her writings in English on these issues, see Rosa Luxemburg, *The National Question—Selected Writings,* ed. H.B. Davis (New York and London, 1976).

[9] The most important texts are "Report of the Commission on the Nationalities and Colonial Question," "The Question of the Nationalities," and notes for a lecture on "Imperialism and the Right of Nations to Self-Determination," in V.I. Lenin, *Works* (Moscow, 1965).

[10] For a recent Soviet restatement of Lenin's position, cogently argued and trying to distinguish national liberation movements from "bourgeois" nationalisms, see K.N. Brutens, *National Liberation Movements Today* (Moscow, 1977), 2 vols. An earlier attempt by a sympathetic Western observer to vindicate internal Soviet policies on the nationality problem can be found in an almost forgotten volume by Hans Kohn, *Nationalism in the Soviet Union* (New York, 1933).

[11] John Ehrenreich, "The Theory of Nationalism: A Case of Underdevelopment," *Monthly Review,* vol. 27, 1 (1977): 67. See also his "Socialism, Nationalism and Capitalist Development," *Review of Radical Political Economists,* vol. 15, 1 (1983): 1–40, where he says that "Marxists have failed in their efforts at incorporating the reality of nationalism into their theoretical understanding, and . . . this failure is deeply rooted in the nature of Marxist thought itself."

[12] Regis Debray, "Marxism and the National Question," *New Left Review,* 105 (1977): 25.

[13] Nicos Poulantzas, *State, Power, Socialism* (London, 1978), pp. 97 ff.

[14] Horace B. Davis, *Towards a Marxist Theory of Nationalism* (New York and London, 1978), pp. 202–40, 189–191.

[15] Blaut, *The National Question.*

[16] Brian Jenkins and Günter Minnerup, *Citizens and Comrades-Socialism in a World of Nation States* (London and Sydney, 1984), pp. 144–145.

[17] Tom Nairn, "The Modern Janus," *New Left Review,* 94 (1975): 17.

[18] Tom Nairn, *The Break-Up of Britain?* (London, 1977), p. 329.

[19] Eric Hobsbawm, "Some Reflections on *The Break-Up of Britain?*" *New Left Review,* 105 (1977): 9.

[20] Ibid., pp. 6–7.

[21] Article in the *Kölnische Zeitung,* 14 October 1843, in Moses Hess, *Philosophische und sozialistische Schriften 1837–1850,* ed. W. Mönke, 2nd ed. (Berlin-DDR/Vaduz, 1980), p. 251.

[22] *Rom und Jerusalem,* in Moses Hess, *Ausgewählte Schriften,* ed. H. Lademacher (Köln, 1962), p. 320. In his vision of a Jewish socialist commonwealth in Palestine, Hess accompanies this with a call for the resurrection of independent Arab states in Syria and Egypt. See my *Moses Hess: Prophet of Communism and Zionism* (New York, 1985), p. 228.

[23] Quoted according to the German text of Stalin's brochure, *Der Marxismus und die nationale Frage* (Vienna, 1913), pp. 10–11.

[24] Viktor Chaim Arlosoroff, *Der jüdische Volkssozialismus* (Berlin, 1919), p. 11.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Günter Grass

SHORT SPEECH BY A ROOTLESS COSMOPOLITAN

Shortly before Christmas, on my way to Lauubeck from Gauottingen, I was changing trains in Hamburg when a young man approached me, practically cornered me, and called me a traitor to the fatherland. He left me standing there with the phrase echoing in my ears. Then, after I had more or less calmly bought myself a newspaper, he approached me again, now with no mild threat but the statement that it was time to do away with my kind.

My initial anger I managed to shake off while still on the platform, but my thoughts kept returning to the incident as I continued on to Lauubeck. "Traitor to the fatherland." The expression, paired with the term "rootless cosmopolitan,"* belongs to the special vocabulary of German history. Perhaps the young man was right when he spoke that way in cold rage. Isn't it true that I don't give a damn for a fatherland for whose sake my kind should be done away with?

The fact is, I fear a Germany simplified from two states into one. I reject this simplification, and would be much relieved if it did not come about—either because we Germans finally saw the light, or because our neighbors put their foot down.

I realize, of course, that my position will arouse protest—or, worse, hostility—and I'm thinking not only of the young man in the Hamburg railroad station. These days the *Frankfurter Allgemeine Zeitung* is making short shrift of those it labels "leftist intellectuals." The paper's publishers aren't satisfied to see that communism is bankrupt; they want democratic socialism too to be defunct, including Dubcek's dream of "socialism with a human face." Our capitalists and communists have always had one thing in common: out of hand they condemn the Third Way.** That is why any suggestion that the German Democratic Republic and its citizens have finally achieved autonomy immediately gets shouted down with statistics on the number of people who have fled to the West. That a new identity, painfully acquired over the course of forty years of suppression, has at last asserted itself in a revolution—this is permitted to appear only in small print. The headlines meanwhile create the impression that what triumphed in Leipzig and Dresden, in Rostock and East Berlin, was not the people of the GDR but Western capitalism. And already they are cashing in.

No sooner does one ideology loosen its grip than another swoops down and seizes the prey. The new instrument of torture will be the market economy. If you don't toe the line, you won't get anything. Not even bananas.

No, I don't want an obscenely boastful fatherland fattened by swooping down and seizing—though I have nothing at my disposal to prevent the creation of this monster, nothing

Excerpted from *Two States—One Nation?* by Günter Grass. English translation copyright © 1990 by Harcourt Brace Jovanovich, Inc. German title, *Deutscher Lastenausgleich*. Copyright © 1990 by Luchterhand Literaturverlag GmbH, Frankfurt am Mein. To be published by Harcourt Brace Jovanovich, Inc.

* A term used by the right in the thirties to stigmatize German leftist intellectuals, many of whom were Jewish.

** A term used in the GDR and elsewhere for a socialist alternative to Stalinism.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

except a few ideas. Already I fear that reunification, under whatever subterfuge, is inevitable. The strong Deutschmark will see to that; the Springer press conglomerate, now in concert with Rudolf Augstein's flippant epistles in each Monday's *Spiegel*, with its mass circulation, will see to that and German amnesia will do its part.*

In the end we'll number eighty million. Once more we'll be united, strong, and our voice—even if we speak softly—will be loud and clear. Eventually, because enough is never enough, we'll succeed, with our strong currency and after formal recognition of Poland's western border, in subjugating economically a large chunk of Silesia and a small chunk of Pomerania, and so once more—following the German fairy-tale pattern—we will be feared and isolated.

I am already a traitor to this fatherland. Any fatherland of mine must be more diverse, more colorful, more neighborly—a fatherland that has grown, through its suffering, wiser and more open to Europe.

It comes down to a choice between a nightmare and a dream. Why can't we help the German Democratic Republic, through the institution of a just and long overdue sharing of the burden,** to achieve enough economic and democratic stability that its citizens will find it easier to stay home? Why do we insist on saddling the idea of a German confederation—an idea that could be acceptable to our neighbors—with vague notions borrowed from the 1848 constitutional assembly at St. Paul's in Frankfurt or, as if we had no other choice, with the model of a super-Federal Republic? Isn't a German confederation already more than we ever dared hope for? An all-embracing unity, expanded territory, concentrated economic power—is this the goal we should pursue, or isn't all that far too much?

Since the mid-sixties, in speeches and articles I have spoken out against reunification and in favor of a confederation. Here, once more, I will answer the German Question. Briefly—not in ten points, but in five:

1. *A German confederation puts an end to the postwar relationship of the two German states, that of one foreign country to another.* It eliminates a vile border that also has divided Europe; at the same time it respects the concerns, even fears, of Germany's neighbors by constitutionally renouncing the goal of unifying into a single state.

2. *A confederation of two German states does not do violence to the postwar evolution of either state.* Rather, it permits something new: an independent togetherness. At the same time, a confederation is sufficiently sovereign to fulfill both states' obligations to their respective alliances, thereby reinforcing the concept of European security.

3. *A confederation of two German states dovetails better with the current process of European integration than does a single powerful state, since an integrated Europe will itself be confederate in structure and must therefore transcend the traditional divisions into nation-states.*

4. *A confederation of two German states points the way to a new, different, and desirable self-definition, one that bears joint responsibility for German history.* This understanding of cultural nationhood takes up where the efforts of the St. Paul's assembly failed. It means a modern, broader concept of culture, and brings together the multiplicity of German culture without needing to assert unity in the sense of a nation-state.

5. *A confederation of two German states sharing one cultural nationhood would provide an example for the solution of different yet comparable conflicts throughout the world, whether in Korea, Ireland, Cyprus, or the*

* The press conglomerate founded by the conservative Axel Springer has among its publications the daily *Die Welt* and the tabloid daily *Bild-Zeitung*, read by about five million Germans on their way to work in the morning. With television magazines, women's magazines, family magazines, Sunday papers, and dailies, the conglomerate controls a large portion of the West German press. *Der Spiegel*, edited by its founder, Augstein, is Germany's only weekly news magazine. Its format is patterned on *Time*, but it specializes in tough investigative reporting and critical commentary.

** *Lastenausgleich*, or sharing of the burden, refers to legislation passed in postwar West Germany that levied a tax on property that had survived the war, the proceeds going to help refugees and expellees from the eastern provinces get established in the West.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Middle East—wherever one political entity has aggressively established borders or seeks to extend them against another. A German confederation could become a model to emulate.

A few additional comments. A unified Germany existed, in varying sizes, for no more than seventy-five years: as the German Reich under Prussian rule; as the Weimar Republic, precarious from the outset; and finally, until its unconditional surrender, as the Greater German Reich. We should be aware—as our neighbors are—of how much grief this unified state caused, of what misfortune it brought to others and to ourselves as well. The crime of genocide, summed up in the image of Auschwitz, inexcusable from whatever angle you view it, weighs on the conscience of this unified state.

Never before in their history had the Germans brought down upon themselves such terrifying shame. Until then, they were no better and no worse than other peoples. The megalomania born of their complexes led them not to define themselves as a cultural nation within a federation but instead to insist on the creation of a unified state in the form of a Reich—by any and all means. This state laid the foundation for Auschwitz. It formed the power base for the latent anti-Semitism that existed in other places as well. It helped provide, horribly, a firm footing for the racial ideology of national socialism.

There is no way to avoid this conclusion. Anyone thinking about Germany these days and looking for an answer to the German Question must include Auschwitz in his or her thoughts. That site of terror, that permanent injury, makes a future unified German state impossible. And if such a state is nevertheless insisted upon, it will be doomed to failure.

More than two decades ago in Tutzing the notion of "change through rapprochement" was formulated, argued over for a long time, and finally approved.* By now, rapprochement has become accepted policy. In the GDR, change has occurred as a result of the revolutionary will of the people. What hasn't changed yet is the Federal Republic of Germany, whose people have been watching the events over there with a mixture of admiration and condescension: "We don't want to tell you what to do, but. . . ."

Already they are poking their noses in. Help—real help—is given only on West German terms. Property, yes, they say, but no "people's property," please. The Western ideology of capitalism, which aims to wipe out every other kind of ideological ism, announces, as if holding a gun to the East Germans' head: A market economy or else.

And who wouldn't put up their hands and surrender to the blessings of one whose lack of human decency is so plainly outweighed by his strength and success? I am afraid that we Germans will also let slip by this second chance for self-definition. To be a cultural nation in confederative pluralism apparently does not satisfy us; and "rapprochement through change" is asking too much—because it's too expensive. But the German Question can't be solved by working it out in marks and pfennigs.

What was it that young man in the Hamburg railroad station said? He was right. If sides must be drawn, let me be numbered among the rootless cosmopolitans.

Translated from the German
by KRISHNA WINSTON
with A.S. WENSINGER □

* "Change through rapprochement" was put forward by Egon Bahr in a 1963 speech in Tutzing. Bahr was press secretary to Chancellor Willy Brandt and became one of the architects of Brandt's *Ostpolitik*.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Daniel Bell

GERMANY: THE ENDURING FEAR

A New Nationalism or a New Europe?

MAY, 1990

History, said Oswald Spengler, is destiny. Combined with myth, the taproot of emotion, it becomes the fate of a people. Was destiny the foundation of the *sonderweg*, the "special path" to modernity that joined the powerful drive of Prussia with the German idea of *kultur*, to become a unique nation in the modern world?

One can think of history in less apocalyptic terms. As in ethology, it may be a form of "imprinting," the memory traces that, like the virgin tracks through a forest, shape the ways peoples move, or, as in the dreamworld, the hypnagogic experiences that form the primal character of identity and repeatedly stir echoes that prompt us to listen to those voices.

But are we enchained by the past? Can nations, like individuals, remake themselves in every generation? For nations may not be natural organisms but social inventions, created and re-created by will, in the sense, for example, of the United States being "the first new nation," in a flood today of almost a hundred other "new nations."

Or is history contingency and uncertainty, paths not taken, accidents that, as Hugh Trevor-Roper has insisted, have at every period created unforeseen configurations that have decisively affected events ever since Cleopatra had a perfect nose? Was the Russian Revolution (October, not February) inevitable? Was Hitler's accession to power an accident of Hindenberg's political blindness and von Schleicher's ineptness?

We have had three Reichs, and now a Fourth? If history is destiny, do the old trajectories remain? If there has been imprinting, do these memory traces return? Or are there new considerations that make these traditional themes irrelevant? These are the questions, fateful, not playful, that one must ask in considering the reunification, the unification, or the *anschluss*—already the use of each designation is a political judgment—of the two Germanys in 1990 and its consequences.

© Copyright 1990, Daniel Bell.

Historical Antecedents

Let me start with three historical imprints, for each, in its contours, outlines a successive Reich (though I have reset the first in a modern context). Modern Germany begins with the end of the Thirty Years War and the Treaty of Westphalia, in 1648. Out of the shattered unity of Europe rose the national states. The Holy Roman Empire lost its effective power. Religion lost most of its universal character. The national states, in the words of Leopold von Ranke, became "great ecclesiastico-political individualities."

The Peace of Westphalia gave individual princes and cities full powers over their subjects. Thus, the rise of absolutism was the chief political consequence of the settlement. But it also initiated two processes: One was the building of a central German authority, the other the shifting alliances and balances of power between nation-states as the arena of politics.

Central to both was the rise of Brandenburg-Prussia to dominance and the new assertiveness of the Hohenzollern dynasty under the Great Elector, Frederick William of Brandenburg

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(1620–1688). With him begins the drive to centralization, unified administration, and the development of bureaucracy and the Prussian military. Frederick William had one basic axiom. As he put it:

> Alliances, to be sure, are good; but a force of one's own, on which one can rely, is better. A ruler is treated with no consideration if he does not have troops and means of his own. It is these that have made [Prussia] *considérable* since the time when I began to have them.

Out of this belief came one of the mightiest machines in history, the code of honor and battle, and an explicit theory of war.

The second imprint was the Congress of Vienna of 1815, an assembly of emperors, czars, German princes, and diplomatic representatives of two hundred states, principalities, and cities, gathered under the guidance of Prince Metternich to reconstruct Europe. The chief purpose was to construct a delicate balance, with Austria-Hungary as the centerpiece, in which no single power could dominate the continent: to protect against the possible renewal of any French effort, after Napoleon, to begin a new conquest; and to limit Russian expansion into Central Europe.

Germany, which had no natural frontiers, standing between the Latins and the Slavs, seemed to be the ideal pawn to check the others. Slices of territory were moved about like chess pieces. Prussia was forced to give up some Polish provinces and become largely a German state, straddling the North German plain, the Oder valley, and the Central Elbe region, and assuming sentry duty along the Rhine.

None of the diplomats foresaw the future consequences. Politically, Germany before Napoleon had been fragmented into 1,789 different territorial entities, most of them just a few castles and villages, calling themselves principalities. At the Congress of Vienna these were consolidated into the German Confederation of thirty-five monarchical states and four city republics. Dominating the Rhineland, linking north and south Germany, Prussia became the strongest power and gained supremacy in industry and commerce.

After the defeat of France in 1871, an empire emerged, with Germany as the strongest military and political power on the Continent, and with it the expansive glories of the Wilhelminian regimes.

But more fatefully, few if any understood the consequences of a new technology that would entirely transform geography and the logistics of war. In Central Europe, as in most countries, commerce and trade followed the natural transportation routes, which were principally rivers. Bulk goods, grain, and coal moved along the waterways. So did people. In Germany, the major waterways run north to south, along the Rhine, the Elbe, the Oder, and the Wiese. There were few transverse routes east and west—until the railroad came.

With the railroads, an entirely new logistical pattern was now opened up that made the centralization of military power feasible. The way was open for Bismarck. In 1876, he nationalized the Prussian railroads, "to pull the reins of state control tightly [and] guarantee the most advantageous solution for the national tasks of the *Reich*."

The third imprint is the Third Reich of Adolf Hitler. It lasted only twelve years, yet the question is whether it may have left a transgenetic implant, recessive for the moment but possibly emergent at some future combinatorial time.

How can one encapsulate a demonic evil that overflows all boundaries? What we can see, at its center, was a cadenced mobilization of emotions, the triumph of will, the fusion of advanced military technology with atavistic irrationalities, the effort to establish a thousand-year Reich and to enthrone a *volk* across the body of Europe. As Golo Mann has written:

> Nazism was as German as anything could be, produced and supported by a wider cross-section of the population than any previous German system of government; this is the most serious accusation that one can make against the Germans.

Hitler capitalized on the fear of the Abyss,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the fear of dissolution of the society through inflation and depression, the fear of disorder from contending street armies, and he made disorder a form of order by projecting all these fears onto an "alien" group, and calling up those atavistic emotions to annihilate them, and to bind the German people in primal exaltation and guilt.* Auschwitz is a possibility of all human groups. What Hitler did was to make it an actuality.

Again, the German Question

Reflecting upon history after World War II, the famous liberal economist Wilhelm Röpke defined *Die deutsche Frage* (1945) as the necessity "to protect Europe against Germany, as Germany against herself." Henry Morgenthau, Secretary of the Treasury in the Roosevelt administration, seeking to break Germany's might, proposed the dismantling of all German industry and the country's reversion to an agrarian economy. The English historian A.J.P. Taylor tartly suggested that the answer to "the German question" lay in the unity of Germany's neighbors and the continuing disunity among the Germans themselves. But given Germany's place in the center of Europe, the emerging cold war dictated that West Germany become, for the United States and the Allies, a barrier against the Soviet Union, as it had once been a barrier against France. For the Russians this became converted into a fear of revanchism, of a resurgent Germany moving once more against Russia.

Now, forty-five years later, we once again confront "the German question." The axis of the question, as it is for all historians, is continuity and change, but, since there is always a degree of both, I would prefer to translate the issue into the depth of the imprints and the possibilities of their reemergence. Konrad Lorenz—and it is no accident, perhaps, that he was interested in obedience—has acquainted us with the tale of the duckling that follows the bird to which it becomes bonded. But can these imprints be erased?

If we turn from history (and myth) to the social sciences, our inquiries have to go along three tracks: national character, changes in social structure, and a nation's ability to master and transcend a past.

National character is often the quickest route of inquiry, for it draws on the stereotypes that we attach to the facile differences among peoples. Thus, we are told that the Germans are obedient, compulsive, driven to order and cleanliness, yet when these guards are down, they become gross, sentimental, cruel, sensual, sadomasochistic, and so on. One sees this depicted in the cartoons of George Grosz or the literary accounts of the excesses of the *Oktoberfest*. Much of this was codified by T.W. Adorno and some American collaborators in the book *The Authoritarian Personality*, which drew on earlier studies of the German family by Erich Fromm and the Frankfurt Institute's *Autorität und Familie*, published in Paris in 1935. Thus, through the German patriarchal family and the rigid character structure, there is an alleged continuity of national character.

The "authoritarian" concept, however, is difficult to sustain on close examination. In Adorno's work, there is a confusion between ideology and personality. But the two do not cohere. Catholicism is an "authoritarian" ideology, yet no single personality pattern follows. Protestantism, in its core beliefs, is antinomian and anti-institutional, yet produced rigid personalities such as its founders, Luther and Calvin. Given the history of many countries, there is the further question of what is a "nation," and over how long a period of time. And, at the other half of the concept, psychologists have failed to define a "modal personality" that is distributed among an entire population and is consistent across generational time. As Helmuth Plessner, the German philosophical anthropologist, once wrote, national character is a tautology in

* Some observers thought that German morale would collapse under the crushing weight of the attacking military forces in the last year of the war. Yet it took the combined efforts of one hundred and sixty Russian divisions from the East, the Allied Expeditionary Forces (the American and British armies) from the West, an Italian offensive from the South, and eight months of devastating air attacks after the Allied armies had crossed *into* Germany before resistance ended with Hitler's suicide on April 30, 1945, and the formal capitulation of Germany a week later when General Jodl surrendered to General Eisenhower.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which one singles out a particular continuity that may have re-emerged and calls it national character.*

A more elusive concept, yet one with a stronger claim on history, is the idea of the "spirit of a nation," using spirit in the sense of Montesquieu's *esprit*, or the animating or defining ideals of a society, one that sums up the aspirations and images of a nation. For Germany, there are two *esprits* (like two *seele*), which stand in angled contrast to one another: one is the *Aufklärung*, the spirit of enlightenment and humanism that reaches out to universalism; the other is the *Ehrenkode*, the ethos of honor and heroism, the soldierly virtues of a military caste that goes back to the Teutonic knights, and which the German general staff sought to graft onto the nation. If these are still relevant, which of the two is salient today?

A second approach, one more congenial to analysts today, is to focus on social structure: the elite and class composition of a society, the character of law and citizenship, the structure of employment and welfare, and so on. From that perspective, the "German question," as posed by the eminent sociologist Ralf Dahrendorf, in his *Society and Democracy in Germany* (1965), was: "Why is it that so few in Germany embraced the principles of liberal democracy?" His answer, briefly put, is that Germany failed to complete the process of *modernity*—as distinct from modernization, which he identifies as a narrower process of industrialization. By modernity is meant the idea of civic equality and citizenship, the recognition of social conflict but the ability to have institutional regulation within bounds and within law.

For Dahrendorf, Germany (like Thatcher's England, perhaps) has changed decisively, for it has finally completed the bourgeois revolution that it had not completed in the nineteenth century. One can cite, in this respect, the innovation of the Basic Law of the Federal Constitutional Court, the safeguards for democracy, and, in the parliament, the adoption of the "constructive no-confidence vote," whereby a chancellor can be ousted only if there is a majority for a successor, a procedure that assures political stability. If one adds the continuing economic prosperity; the adoption of *mitbestimmungsrecht*, the provision of co-determination in heavy industry, which gives the trade union a place in management; and the *dynamische Rente*, the universal, indexed old-age pensions and other welfare measures, then one can say, to the extent that such matters are ever sociologically possible, that personal security and social stability have largely been achieved in postwar Germany. But does that make a nation more pacific? That is a question that the changes in social structure alone cannot answer.

The crucial question is one of mastering the past. The past, a poet once said, is a foreign country. Not in this instance. It remains a living presence. The Nazi regime lasted only a brief twelve years, but chronological time counts for little against this searing experience. Was Nazism rooted in German character structure or in the military ethos of the nation? Did it tap pagan roots that may underlie all European civilization? Or was it the special nature of the tribal past, the *genossenschaft* and *gesamtwille*, the community of blood and the group will embodied in the mythos of the *volk*, which appealed to Heidegger and burst out in the furies of the *Führer*, to which the people responded? How does one even begin to look for an answer to nonrational mysteries?

All German political leaders today accept the moral responsibility for the past. But a question also has arisen: How long does one continue to allow the past to "becloud" the present; when does one say, it is time to put the past behind us and for Germany to be treated as an honorable equal among the nations? Those were the questions that Helmut Kohl sought to raise at Bitburg. The occasion was the fortieth anniver-

* To illustrate a difficulty: there is the story of a *fragebogen* distributed in Central Europe just after the war. A man is asked: where were you born? He answers, in the Austro-Hungarian empire. Where did you grow up? In Czechoslovakia. In what army did you serve? In the Russian army. Where do you live now? In Poland. Oh, you must have moved around a lot in your lifetime. Not at all. I have lived in the same village all my life. For a more detailed examination of this problematic concept, see my essay, "National Character Revisited," in my collection *The Winding Passage* (New York: Basic Books, 1980).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sary of V-E Day, the day of the Allied victory in Europe. German representatives had been excluded from the 1984 D-Day commemoration, and that exclusion still rankled. Bitburg was to be the conclusion of the day of atonement. Yet the presence in the cemetery of the graves of forty-nine Waffen Schutzstaffel (SS) troops raised a storm. As the Harvard historian Charles Maier has written in *The Unmasterable Past:*

> The visit was intended as a ritual of reconciliation; it ended as a catharsis manqué. It failed as ceremonial because it mobilized contrary impulses about history. Memory escaped from the control of its normal custodians—politicians who sought to play on it, and academics who lived by analyzing it—and became an unpredictable force.

Who writes the present shapes the memory of the past. Caesar, mindful of his future name, feared the poet Catullus more than any general. For this reason, the *Historikerstreit* that has wracked German academic life in the last few years becomes a turning point in contemporary history. It is the duel for the control of memory.

There is little need here to rehearse that controversy. What is to its credit is that issues have been finally raised and directly confronted: the pus of some medieval humors has spilled out, such as Ernst Nolte's claim that Hitler's model of extermination was Stalin's "Asiatic deeds," not the German past. Yet Richard von Weizsäcker, the West German president, has forcefully repudiated any effort at exculpation of responsibility by historical analogies. But what is evident is that the past is still unmasterable and that the whiplash of memory has its own sting.

There may now be one Germany rather than two. But what is that Germany? Economic unification is relatively easy; its cost is primarily money. But what is the identity of Germany, and will the imprints of the past still shape the future? That is the problem.

New Conditions, New Thinking

All these imprints, with the exception of the psychological, are mired in the past. Yet the present *is* "another country." And without the realization of this fact, most of the discussions about Germany are pale echoes, and possibly wrong ones, derived from the past. Just as the development of the railroad transformed the topography and logistics of Germany to facilitate the military might of Prussia, so the nature of the new postindustrial order makes obsolete many of the frameworks of analysis of great power confrontations derived from traditional theories of war and power.

The foundation for the traditional thinking was the emphasis on territory as the basis of security and a guaranteed supply of raw-material resources for industrial strength. This was the basis, for example, of the foreign policy of Japan in the Meiji period: the outward thrust against Korea and China in 1894; the war against Russia in 1905 in order to protect the flanks of the country, south and north; and the adventure into Manchuria and China in the 1930s to obtain coal and other raw-material resources. Germany's imperial adventures and the *Drang nach Osten* were impelled by similar motives. All this was codified in the geopolitical theories of Mackinder and Admiral Mahan on the relation of land-power to sea-power, and of Karl Haushofer on the domination of the heartland as the fulcrum of control over Eurasia.

All of this is changing. In a ballistic age, territory is no longer the basis of security. World War II was, in a sense, the "last war" of the old civilization, for the huge land mass of the Soviet Union allowed the Soviet army to retreat to an interior distance, as Kutuzov had before Napoleon. Today, "space" has been eroded (unless one assumes that European nations will revert in the future to "conventional warfare," which itself is a utopian prospect).

Raw materials, with the crucial exception of energy, are now of lesser importance, largely because of substitution, especially technological substitution. The growth of composite materials and the "revolution" in materials engineering have reduced the dependence on traditional metals and minerals. Copper was once a vital metal; access to copper was a logistical necessity. In fact, in the first report of the Club of Rome in 1973, it was copper, not oil, that was assumed to be the most critical item among future shortages. Two large oil

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

companies, British Petroleum and Arco, bought Kennicott and Anaconda copper, as diversification; and each of them lost several billion dollars. The reason is the substitution of fiber optics for copper in telecommunication cables. One hundred pounds of fiber optics are the equivalent of a ton of copper—and have a wider broadband capacity as well.

The new strategic "resources" are technology and professional skills. Those societies that have a large and effective pool of trained professionals, a reservoir of advanced high technology, a market system that allows for flexibility and adaptation to the new technological innovations, and a supply of savings or access to capital command the power in the world today.

To turn Clausewitz on his head, economics is the continuation of war by other means. It may be said that World War II is finally over, and it is a historical irony that the winners are Germany and Japan. For forty-five years, the United States and the USSR battled for hegemony. That battle is now over as well. In the next two decades, at least, no nation will be able to assert world hegemony. What we are seeing is the emergence of regional blocs.

In Europe, it is a united Germany that may become the *paramount* power, to the dismay of France on one side and Eastern Europe on the other. In Asia, it is Japan that is already the paramount power. Its main thrust is less toward Europe or even the United States than to Southeast Asia, repeating the old East Asian Co-Prosperity scheme. The telltale indicator is Thailand, which is emerging as the new "tiger" in Asia, shaped by Japanese capital and technology.

The United States remains a major power, but its domain is principally the North American continent, in particular as the economic unification of Canada, Mexico and the United States proceeds. And with the onset of economic nationalism, which is already evident, this will be a market characterized more and more by quotas, protection, and similar devices negotiated on a reciprocal basis.*

Nationalism and Community

In the next decade the fate of Germany—and Europe—will be framed by the coordinates of two axes: one is nationalism, the other a common Europe.

For the past two or more decades, in large measure because of security problems vis-à-vis the Soviet Union and, more recently, with the acceleration of the European Economic Community, Germany has become embedded more and more in a European home. Now, with the putative reduced threat of the Soviet Union, traditional security problems may diminish. And with the sudden collapse of East Germany and the crumbling of the Berlin Wall, we have seen an emotional upsurge in German nationalism. Once more is heard the forbidden prewar national anthem "Deutschland Über Alles," with its celebration of a *Grossdeutschland* that stretches "*von der Maas bis an die Memel/ von der Etsch bis an den Belt.*" The territorial reach envisaged here, from Belgium to the Soviet Union, and from Italy to Denmark, is no longer realistic, but the singing does point to a long-suppressed feeling, now voiced openly, of "*Wir sind wieder wer*" ("We are once again someone").

The second historical irony is that 1990 witnesses both German integration and Soviet disintegration, and each, in its different way, may become a threat to the unity of Europe. The Soviet disintegration creates a new specter, for in Gorbachev's effort to coerce Lithuania, to resist Georgian independence, and to stabilize the situation in Armenia/Azerbaijan, he has to resort to the army. As in China, where the army was invoked to repress the popular democratic movement, Gorbachev now faces the dilemma of Deng Xiaoping. He has sought to diminish the power of the party, but now finds himself beholden to the army to maintain stability. Gorbachev cannot be overthrown from within the party, but an army that has suffered humiliation in Afghanistan, and which now finds itself used for police-keeping powers, may itself turn against the leader. A slim possibility at the moment, perhaps, but a

* Because I am not sketching an economic-political model of the *world* society, I leave aside the problems of Africa, Latin America, and the Middle East.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

possibility that Gorbachev has to take into account. One "price" of the support of the army may be the slowdown in arms-control negotiations and a halt to the effort to reduce the size of the armed forces and their share of output that was slated for the civilian sector. And that would create new economic difficulties.

From the viewpoint of Eastern Europe, a unified Germany raises once more the threat of revanchism, and while Herr Kohl has stated, finally, that he would respect the Oder/Neisse line with Poland, nations do not, nor can they, place their fate on the word of a single political figure.

For a millennium, there has been one European civilization, but since the Reformation, many nations. The question now is whether there will be one Europe, politically as well as economically, or a multiplicity of contending nations. Until Hitler, the French word for Germany was plural, *les Allemagnes*. After 1945, the plurality reappeared. And now?

Nietzsche, in one of his punning moods, called Germany the *Tausche-Volk,* because time after time it has surprised the world by acting in least expected ways. The crux of the issue lies in the character of German nationalism and aspirations today. People need strong emotional attachments (and often enemies as well), and nationalism has proved to be the most potent emotional identity for peoples. Given its intensity, it is surprising how recent all this is. In Germany, one can date it perhaps to the 1840s and the rise of the Young Germany movement (one of whose fathers, ironically, was the German Jewish writer Ludwig Baruch, who had changed his name to Ludwig Börne) and its roots to romanticism, in that dark night of instinct (the *Hymnen an die Nacht*) that Novalis eulogized, rather than in bourgeois life. Yet Germany today is so completely bourgeois, prosaic, and materialist.

Will there be a new German right? Not the street brawlers of a Schonhuber, but a right tapping the emotional roots of an Ernst Jünger—with his prophetic vision of a "steel force," the union of technology and blood that he sought to derive from the defeat of World War I—to proclaim a new Germany, or a Martin Heidegger and his trance mythos of the primal *volk*, transmuted into a new illusion of the "super-power" as the realization of the superman? Paradoxically, a wealthy and successful bourgeois Germany may be the best barrier against such apocalyptic and "reactionary modernist" movements.

Yet, in foreign policy, there may also be a new "Rapallo," the linking of Germany with the Soviet Union, wherein German technology and capital intertwine with Russian oil and primary products for a new "continental" union. At the moment, all of this is unlikely, but if the Russian *perestroika* continues to falter, and the army becomes a more potent political force, the *wende* becomes a more distinct possibility.

From an American point of view—and it is the view of many in Europe as well—the hope is that Germany can be enmeshed into the larger European community. From a historical point of view, the nation-*state*, which has been an adaptive political device only in the past hundred and fifty years, is increasingly dysfunctional. As I formulated it a number of years ago: the nation-state has become too small for the big problems of life, and too big for the small problems of life. It is too small for the big problems because the character of global capital and commodity markets make it less and less effective as a management instrument. It is too big for the small problems because the various regions and neighborhoods have diverse needs that cannot be met by unitary programs from a single center. So, the "rational" need is for new political entities to manage the larger economic scales and the smaller social scales of life.

The unification of Germany, driven by emotional and material impulses, is now becoming an actuality. But will it lead to an enlargement of German *national* power, or will it be a step toward the older dream of a single European civilization becoming a single European political entity? History, once the master, now waits for a clue to the future. It is the responsibility of the German political leaders to tell us, and without deception. The old symbols were the phoenix and the Owl of Minerva. We need some new birds of passage. And we may hope that they can sing. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

H. Brand

EAST GERMANY: A DOUBTFUL FUTURE

German Labor Faces Unification

The events in the German Democratic Republic (GDR), as in the rest of Eastern Europe, have come at a time when the world market dominates as never before the various national economies. The reign of capital is today less open to challenge: it is mobile and easily governed by the great central banks and the American Treasury Department, acting in concert; it is sustained by "neoconservative" ideologies; and the advocates of workers' rights, in Germany as elsewhere, are on the defensive. The East German parliamentary elections last March and the communal elections of May, giving a majority to the right-of-center Christian Democrats and their right-wing allies, affirmed this situation, as it did the belief that prosperity lies with the power of capital.

The weakening of the German left, which those elections signified, may prove transitory, and, according to Willy Brandt, "in the revolutionary year 1989, not only is the social democratic idea impelled toward reality—now also reality is impelled toward the social democratic idea." He may have accurately sensed the course of developments in Eastern Europe over the long term. But so far the evidence demands more sober judgment. Social democracy traditionally has been based on the prospect of creating social solidarity. That may indeed be a never-ending process. However, as of now, the principles of profitability and efficiency will be invoked to resolve the problems of East German industry, with unemployment and widening wage differentials sure to follow. Real poverty is also expected. Together, these factors will erode social solidarity and dim, for some time to come, the prospects for social democracy.

The level of productivity in the GDR—that is, the real value of goods and services produced per hour of work—has been conservatively estimated to lag 50 percent behind that of the Federal Republic. Wages and other labor costs in the GDR, allowing for subsidized prices of basic consumption goods, run to about 42 percent of West Germany's level. These differences have not changed in many years, especially as economic growth in the Federal Republic has exceeded that in the GDR. However crudely, they testify to the GDR's economic backwardness.

Let me suggest the dimensions of this problem. Business has often either contributed to the decline of regions (familiar to American workers in the upper Ohio valley, the Cumberlands, parts of Texas), or has shown itself incapable of spurring economic growth unassisted by government and large military contracts (as in the South or parts of California). Similarly, Bonn has had great difficulty in solving the regional employment problems brought on by the decline of steel and coal in the Rhine-Ruhr area, or of the shipyards near the North and Baltic seas. The unemployment rate in these regions has run up to 20 percent in excess of the national average, in some areas as much as 86 percent. Such differentials barely existed twenty years ago. Addressing these

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

problems has been costly, requiring large subsidies—figured by one research institute at $3.4 billion for coal and nearly $400 million for shipbuilding in 1984—and these have stretched over many years.

The backwardness of East German industries poses problems of re-equipment on a vastly greater scale. The technology of the steel industry, for example, is so outdated that a steelworker can produce only half as much as his or her West German counterpart. The chemical industry relies heavily on brown coal (lignite), despoiling the environment and threatening health. Many plants date from the prewar era. Automobile production methods are hopelessly backward. The public service infrastructure is equally decrepit; for example, the express train between Berlin and Cologne must reduce its speed to a crawl on its GDR stretch because the tracks and their supports are too run down.

"The basic problem of the GDR economy," writes Lutz Hoffmann of the prestigious German Institute for Economic Research, "is a totally outdated capital stock in its . . . infrastructure as well as in the production sector, and the continued existence of industries which, had they been exposed to world market conditions, would long ago have ceased to have any chance for survival." The rules imposed by the GDR regime foreclosed improvements in efficiency which the international division of labor makes available to open economies.

It is difficult to see how, at a time of high interest rates, the aversion of the big banks to risks, and high budgetary deficits, the enormous amounts of capital could be found that would begin to justify the optimistic predictions of another "German economic miracle," such as occurred in the 1950s.

The boom in those years took place at a time when interest rates ran one-third to one-half below what they are now. The Bonn government in many of those years showed budgetary cash surpluses rather than deficits, with low-cost funds available for investments in plant and equipment. Moreover, despite losses during World War II, German industry possessed a relatively modern capital stock, and could devote a large part of its cash flow from retained profits and depreciation set-asides to the expansion of productive capacity. Even so, the true "German miracle" is said to have begun in the sixties. The boom of the fifties had still been largely engendered by the Korean War and the catch-up needs of European economies stemming from World War II. In the sixties, new technologies came into use, new products were developed and marketed. More human capital—know-how and skills—rather than mere physical capital was required. Human capital had, as it were, accumulated, notwithstanding the losses and deprivation of World War II and its aftermath. Its pool had been vastly enlarged by the 3.6 million persons—the majority in the lower age brackets—who had migrated from East Germany to the Federal Republic between 1950 and 1962 (when the wall was erected). An enormous housing construction program facilitated the accommodation of this stream.

This "miracle" is unlikely to be repeated in the GDR. Funding just a re-equipment boom presents incomparably greater difficulties. Leave aside the absorption of international capital by the United States in financing its balance-of-payments and budgetary deficits. The budget deficit of a unified Germany alone has been estimated at $60 billion in 1991, largely from initial costs of unification, such as added unemployment compensation and the start of infrastructure rehabilitation. That sum is roughly twice as high in relation to the unified country's projected national income as for the United States. It is quite unlikely that the German central bank—or the Federal Reserve—will deviate from their firm anti-inflationary credit policies; therefore, pressure on interest rates and on the supply of capital seems likely to remain intense. Added factors are the large indebtedness of private corporations and the unsettled debt situation of Third World countries, which have been leading the commercial banks to restrict their lending. All this will constrain investment in East Germany as in the rest of Eastern Europe. (A new "Marshall Plan" is not in sight.)

There are more fundamental factors that render comparisons with the German boom of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

earlier decades irrelevant. Virtually all knowledgeable German observers, as well as the May 1990 report of the Central Intelligence Agency (CIA), project very high unemployment in East Germany as economic unification proceeds. That would turn the earlier boom experience into its very opposite: unemployment then declined to less than 1 percent of the (growing) labor force. The CIA expects an unemployment rate in East Germany of 15 to 20 percent, a prediction that "may be on the conservative side." Lutz Hoffmann writes that "a quarter to a third of the workforce, if not more, could lose their employment. That would be roughly 2.5–3 million unemployed, amounting to an army of unemployed [persons] of 4.5–5 million for both Germanys"—or 14 to 15 percent of the total German labor force (except for the self-employed).

Researchers with Hoffmann's institute are somewhat more hopeful about employment in East Germany after unification. But they anticipate that, even after the first phase of the "consolidation"—that is, after basic economic and financial reforms have taken hold—joblessness from worker displacement will run to one million, or 12 percent.

Unemployment will result from three developments: (1) Establishments unprofitable to rehabilitate will be closed; (2) where productivity can be improved by modernized technology, better management, and so on, workers will be dismissed; and (3) as imports of merchandise from West Germany and other countries displace indigenous products, workers also will be let go. This is already happening. GDR-made shoes no longer sell, placing 42,000 jobs at risk; automobiles made in the GDR are filling up lots, and one hundred thousand of the one hundred fifty thousand jobs in the industry are expected to disappear.

There is the question whether West German industry (or international firms generally) require the additional capacity that rehabilitation of East German industry and agriculture would make available. The population of the East German market compares with the state of Texas or the German province of North Rhine–Westphalia. "What the consumption-hungry people of the GDR need can be manufactured by the German economy and its partners on the world market. . . . Only a few industries require new production capacities in truly large volume," noted a writer in *Der Spiegel*.

Wages in East Germany are bound to rise to average national levels as economic unification gets underway. Other labor costs, such as employer contributions to social security, may be subsidized by Bonn for a time. Certain tax allowances may offset, to a degree, the higher costs occasioned by a wage level that is out of line with productivity. But it appears unlikely that East Germany will become a low-wage region; investors in search of low-wage labor will look to Spain, Portugal, and Poland.

The problem for German industry (as for industry in much of the world) is not (relatively) high wages per se; it is the resistance of trade unions to raising productivity (that is, lowering costs per unit of output) in ways that weaken them, deliberately or not. "We hope to gain considerable advantages in the East," a high official of the Adam Opel company, a German subsidiary of General Motors, is quoted by the *Washington Post* (June 30, 1990), "not from lower wages, but from more flexible work rules, Japanese-style team work, and less strict job classification. There is great risk that our rigid union regulations could be imposed in the East."

It may be that computerized production technologies require a more "flexible" organization of work and that the labor movement, in Germany as elsewhere, must adapt accordingly. Certainly, if the supposedly rigid trade union rules are relaxed in East Germany, they must likewise be relaxed in the West. But then the problem of unemployment in both Germanys will be exacerbated. As in the United States, shifts to a more flexible organization of work in the Federal Republic have been closely associated with "rationalizing" production equipment and the structures that house it. The productivity of physical capital has thus been steadily raised, reducing the need for additions. That has spelled massive worker displacement ("mitigated" in the United States, but not in West Germany, by low-wage, service-producing jobs). This has been a key factor in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

placing the German labor movement on the defensive. In the words of Peter Glotz, an outstanding social democratic intellectual, "mass unemployment—more than three million unemployed [in 1988]—will remain for many a year to come one of the basic conditions affecting trade union activity." It is a condition that is bound to affect the trade unions' role in East Germany, and it is not the only unfavorable one.

That the climate of opinion has been antagonistic to the labor movement has also been affirmed by Glotz; and this antagonism has informed the debates surrounding unification. Detlef Perner, a research associate in the German Trade Union Federation, writes: "The peaceful revolutionary change in the GDR appears to have encouraged some politicians, especially after the parliamentary elections of March 18th, 1990 to impart an 'all-German' identity to their (neo-)conservative policy of reconstructing society, the economy, and welfare-state institutions."

Yet the problems the German labor movement faces are by no means confined to West Germany. Similar attitudes are found among people in East Germany.

> Bitter experience with the . . . Stalinist state has discredited such ideas as unity . . . and solidarity, also with regard to . . . social security. Even the term "state" or "welfare state" is tainted; it is equated with mismanagement, authoritarianism, control. Neoconservative positions, which see a free development of the individual only after regulations covering collective bargaining or welfare-state benefits . . . find resonance."

G. Baecker and J. Steffen, the authors of this passage, believe that such attitudes prepare the GDR as a training ground for strategies of privatization and deregulation, which will make it harder to maintain the norms of social security that exist in the Federal Republic.

Neoconservative orientations are bolstered by theories of employment that in effect reject the Keynesian analysis that relates unemployment to inadequate demand. These theories argue that the high unemployment that has for years burdened the West German economy despite prosperity is linked to wages that are too high. They are "too high" in relation to the value of the human capital employed, notably in the older, presumably less knowledge-intensive industries such as textiles, metalworking, and mining. The wage structure in these industries, so the argument goes, does not adequately reflect the destruction of human capital (and other productive resources) that accompanies the radical changes in industrial technology—that is, the irresistible shift to knowledge-intensive and service-producing activities. The wage structure (they argue), rigidly propped by various labor market barriers, prevents the evolution of a wider range of wage differentials and hence the employment of jobless workers at "cost-effective," that is, lower, wages.

Going further, they argue that these labor market barriers are created by collective bargaining contracts protected by law, which in West Germany often tie all employers in a given industry to the wage rates the contracts stipulate. Although these contracts make for a stable work force, and save hiring, training, and other so-called transaction costs, these costs are high because of (legally enforceable) worker protections such as discharge notice, the employer's obligation to formulate a "social plan" before laying off workers or closing a plant, codetermination, and consultation rights of shop councils.

The unprecedented economic situation that the demise of Stalinist regimes in East Germany and elsewhere in Eastern Europe has created lends a powerful impetus to these neoconservative theories. Their influence in social democratic quarters, too, is rising, the more so as Keynesian approaches cannot adequately deal with the structural unemployment typical in much of Europe. How that influence will make itself felt after unification can be surmised from the labor market policies pursued by the Bonn government during most of the 1980s.

These policies have been guided by the notion made popular in the United States under Reagan that market forces should allocate labor and set wages. That means that income protection should be curtailed and subjected to stricter tests; dismissal policy be made less severe; and the workplace attachment of employees be loosened by greater "casualiza-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion," that is, part-time and temporary help. The wage structure is to be made more "flexible," facilitating downward adjustment. Some success in applying these "principles" have been recorded in West Germany. For example, the effective ratio of income replacement by unemployment compensation has been significantly lowered. "Suitable" work acceptable to the unemployed has been more broadly defined. Smaller firms have been exempted from many rules governing worker protection. The dismissal threshold before an employer must negotiate a so-called social plan with his works council has been raised.

The German unions, although embracing little more than two-fifths of the German work force, remain strong. By and large they succeeded in their struggle to reduce average weekly work hours and to maintain the level of real wages. But the above-mentioned changes have contributed to the segmentation of labor markets and weakened the unions' bargaining power.

All these tendencies are likely to be accentuated by developments in East Germany. Its reserve labor pool will likely be enlarged by developments in Eastern Europe generally—the potential Mexico of the Federal Republic.

There are still deeper problems for German labor. The events in East Germany are testing the very authority of its leadership along with the idea of a politically unified labor movement, for which the German Trade Union Federation has stood for the past four decades.

It has been said that wherever movements of emancipation stirred, trade unions played a leading role: Poland, China, Chile. This was not true in East Germany. The upheaval was a broad democracy movement, its social content was diffuse, its erstwhile leadership devoid of roots among working people. Workers participated, but as part of "Das Volk," not of their class (as they had in the June 1953 uprising). The East German trade union federation, the "transmission belt" designed to ensure the "unity" of Communist party and working class was discredited. But its disrepute has affected attitudes toward the whole idea of a politically oriented labor movement, so *Die Zeit* could report: "Although they were not listed on the ballot, the trade unions, too, belong to the losers of the [March] elections."

There is also the question to what extent past cooperation in some fields between the German Trade Union Federation on one hand and the East German trade union leadership on the other, as well as exchanges between the social democrats and representatives of the Honecker regime, have mortgaged the future of the German democratic left. "You must analyze yourself why you left us by the wayside in the seventies, why, instead of sticking with the oppressed, you preferred to treat with the oppressors or at best looked on as neutrals," a prominent East European guest said at Willy Brandt's birthday party late last year. We need not go into the details of such cooperation, some of which was undoubtedly legitimate. But the remark speaks volumes. With ill-concealed anxiety, Ernst Breit, the head of the German Trade Union Federation, states (after an apologia for past relations with his East German counterparts), "There remains the fact that the November revolution took place at best without, at worst against the trade unions of the West and the East. Will things also *continue* without and against the trade unions?" He gives no confident answer.

An appraisal of the German labor movement's future is offered by a research associate of the Federation's research institute. Recall what was indicated above: the West German trade unions are not "centralized" in the Federation, but the Federation is their political center, coordinating the collective-bargaining policies of the unions in terms of a broadly agreed upon macro-economic policy approach, and sharing with them a broadly defined social democratic outlook. Hence it represents a powerful counterweight vis-à-vis big business.

But the Federation, as an agent of political coordination and as a fount of ideas, faces a loss of authority as the impact of the events in East Germany carries over into the West. Decades of experience with a highly centralized trade union bureaucracy in East Germany have created much distrust among workers—distrust that is bound to affect the German labor movement's top leadership even after the eventual demise of the East German federation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The special interests of individual unions will gain prominence. The importance of white-collar organizations is expected to increase, and these may emphasize status differences vis-à-vis blue-collar workers. If so, this would also "upgrade" their sister organizations in West Germany. Confessionally based groups of employees affiliated with the evangelical churches show signs of emerging. Unions without any affiliation have been created. It is possible that the unions will coordinate their efforts on some regional levels, but whether this can offset the prospective loss of authority by the political center represented by the Federation, we do not know. Nor is it at all certain that the ethos of social democracy that has infused the German labor movement's politics for one hundred twenty-five years will retain its force.

The rehabilitation and modernization of the economy of East Germany, as of the other East European economies, are obviously the prime tasks facing their people. Historical experience shows that not the "market" but big investments of capital build economies. There is growing doubt that such investments are forthcoming, or that governments have either the will or capacity to make them on a meaningful scale. Of course, that may change in time. The problem of East Germany cannot be understood merely in terms of regional economic disparities or of the poverty-stricken periphery versus the prosperity core. The viability of an entire society is at stake. It is scarcely imaginable that West German or Western European political leaders will let that society—or others in the East—sink into further decline. It is very doubtful that private capital is equal to the task. The role of government, of the state, as planner and key supplier of capital and know-how in public administration, will be decisive.

Here Willy Brandt's vision, pithily expressed in his words that "reality will be impelled toward the social democratic idea," could regain relevance. For it is quite unlikely that the people of the GDR (or other parts of Eastern Europe) will passively submit for long to the imposition of the social costs of transforming their economy in terms of large-scale unemployment, low living standards, incipient poverty, and, for many, hopelessness. The role of the state in that transformation is indispensable. But it must be suffused with the ideas of social democracy to ensure justice in the distribution of social costs. And social democracy means social solidarity: it will in time replace the ideology of neoconservatism, which will be recognized as a blind alley for any society or economy inherently based on cooperative effort. □

Note on Sources

Among others, I have drawn heavily upon, and sometimes quoted from, articles, essays, and books: *Gewerkschaftliche Monatshete*, the monthly discussion organ of the German Trade Union Federation (U. Feist); *WSI Mitteilungen*, the monthly organ of the Institute of Economic and Social Science, attached to the GTUF (H. Luechle and G. Mueller, G. Baecker and J. Steffen, W. Lecher); *Kieler Studien* (J. Donges et al.); *Die Zeit* (P. Christ, K.P. Schmidt, and P. Schneider); *Frankfurter Allgemeine Zeitung* (Lutz Hoffman); *Fiscal Policy for Growth Without Inflation* (Johns Hopkins Press, Baltimore—F.G. Reuss); *Wirtschaftsgeschichte der Bundesrepublic Deutschland, 1945–1980* (Suhrkamp, Frankfurt-Main—W.Abelshauser); *Der Spiegel; Wofuer Wir Streiten: Solidaritat und Freiheit* (Bund Verlag, Cologne—I.G. Metall, Peter Glotz and Oskar Negt); *The State and the Labor Market* (Plenum Press, New York—G. Bosch and W. Sengenberger). All translations are my own.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

George Konrad

ETHICS AND POLITICS

Nationalism & Intellectuals in Eastern Europe

A moral being looks on other human beings as ends and not means. Is there such a thing as a moral being? Shrewd behavior implies inducing another to do what suits me. The other's intention is to get me to do what suits him or her. We relate as politicians. One competes, expands, conquers, rather than be a loser who cannot defend his or her own interests. Self-respect compels expansion. Power wants to grow, every organization is happy when it is growing. Civilization would be impossible without politics. Thanks to politics we can coexist in competition. Without politics, we would still stand around the entrance of a cave, occasionally clubbing each other. What is a good marriage if not an eternal game of subtle politics played by husband and wife? The instrument of successful politics is as large as possible a consensus, and its dominant instrument is not force but persuasion and seduction. For the *I* the *Thou* is simultaneously end and means. Our lives are at the same time both moral and sinful. That is the human drama, and with vital differences of scale this is true of all politics, including that which intellectuals in Eastern Europe obtained, thanks to their writings and their spiritual deeds, even if they did not desire it. The intellectuals of our region have outgrown their minority; the opportunity and responsibility of exercising power is theirs.

Adieu communism. The inventory of an age submerges like a large ship, and with it a cargo of illusions and cynicisms. A state economy can transform itself into a market economy only at great expense. Superfluous nationalization cost a great deal, necessary denationalization perhaps less, but that, too, is a great deal. When initiating the transformation we took on the responsibility of causing much trouble to others; we will do to them what we do not want done to us. It could be that the transformation taking place will benefit the country as a whole but that there will also be many losers. People will lose their living, they will be left with a sense of bewilderment and of having been pillaged. It is likely that democratic changes will benefit more people than they will hurt but this sort of quantitative consideration falls outside the purview of ethics. Those who initiate political processes can never know where they will lead; they must however accept responsibility for the consequences as crimes caused by negligence.

Political ideas have cost a great many lives in the twentieth century. This is most true of nationalism and communism, which have sometimes exchanged places. Nazism was followed by communism; perhaps the former will make a comeback, in a different way. Communism has had its day in eastern Central Europe; perhaps it will be replaced not just by democracy but also by nationalism. For a great many people it is not unpleasant to identify exclusively with their own nation and to turn a deaf ear to the truths and justice of another, even rejecting an exchange of ideas. The majorities pathetically insist on the limitation of minority rights, and feel deeply offended if the minorities insist on their own. Could it be that the minorities are not sufficiently tactful in

Copyright © 1990 by George Konrad. Published by arrangement with Harcourt Brace Jovanovich, Inc.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the timing of their demands? Can those who defend their rights ever be sufficiently tactful in the eyes of those who offend against them? The odds are on the right-of-center national parties in the parliamentary elections in the eastern Central European belt as a whole. It is possible that the dissidents have pioneered the way for the nationalist bureaucracies, and that the latter will punish them for it. Communism is passing but the dregs remain: isolation, the reflex of distrust that recognizes but a single truth. The new national fundamentalists believe in the fight; their desire is to defeat others, not to understand them.

We were able to witness demonstrations, many thousands of faces in full cry, clenched fists raised high, no longer cursing the tyrant but their neighbors, the minorities. Then we saw two crowds confronting each other on the square, with soldiers between them, the larger crowd desiring to have a go at the smaller one. Passions are let loose on the fringe of politics, anonymous letters and heavy-breathing telephone calls threaten political terror. Swastikas and Jew-baiting put in an appearance. International terrorism and fascists new and old do not rest content with being passive observers. It no longer seems impossible that the day of the pogrom, of the demon's sabbath, will come in our region. Every kind of minority will do as the scapegoat, as the butt of manipulated anger, as the cause of general decline at a time of crisis.

Consumer demand for nationalist demagogy is limited; the more westernized and better-educated people are less receptive. It is also true that at a time when many organized prejudices compete and expand they predictably balance each other, and none will prove able to enlist the majority in its service. The spirit of liberal democracy is, in comparison with communism and nationalism, less prone to violence. It is the latter two who are responsible for the gulag and extermination camps. In Central Europe liberalism has done the least damage and has produced the most good. But there is no such thing as an innocent idea. It is a vain hope that political subjects should not fight, that they should not compete with each other, but it is feasible that the race be subjected to certain strictly formal rules of the game.

What will discipline the newly democratic Eastern European states? In earlier ages the Great Powers controlled the region, and after the Second World War the organized bloc curbed the various nationalisms in the region. Eastern Europe has now extracted herself from the bloc, the Soviet troops are withdrawing, and what one has to fear now is no longer foreign armor but local drunks, armed with crowbars, incited to hatred, who may well be paid for their rampages by chauvinist organizations. Imperial Headquarters in Moscow did not license demonstrations and pogroms. It was not permitted to shoot off one's mouth in the High Street, and in the provinces quiet was the name of the game. But there is no sort of supranational sovereignty in Eastern Europe now. The nationalisms do not recognize any sort of universal code superior to them. They know of no higher principle than national wrongs and the national interest as interpreted by them.

Conflicts of interest exist; what can one do about them? Will we lobby the Great Powers, telling tales on each other, as we used to? Will we leave things to local intimidation, which can destroy rights bit by bit, without shedding blood? A higher authority must be available, a Central European transnational body, a court of arbitration and conciliation, where independent persons issue opinions on the conflicts of the region on the basis of a jointly accepted democratic charter. They would confront principles and laws with practice and, although no weapons would be at their disposal to enforce their judgment, they could bring moral pressure to bear on organizations and even governments. Minds are opening up, a certain moral awakening can be discerned, public interest is on the move and ready to weigh pros and cons. There is a danger, however, that a new isolation is in the offing and will come before citizens have had a chance to rehearse the morality of democracy that knows how to practice self-respect and courtesy at the same time.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

There is no denying that lately intellectuals in Central and Eastern Europe have achieved extraordinary powers. They have overcome the censorship of the communist bureaucracy, created their own institutions, moving in on the state and the media. The earlier political bureaucracy has lost its nerve and is ready to serve the new elite; that's what they were trained for, to be officiously of service. The new questions have to be formulated. Nothing now stands in the way of those who belong to the party of the mind, unless it be an ideological inner censorship and divergent loyalties. No outside taboo exists. Time is perhaps the only handicap, as also the invasion of the new political class and of the business world, which is now conquering the press and publishing. Forces are concentrated on creating multiparty institutions and genuine parliamentary elections. The new political class started as moralists but will soon become professionals. Civic society marches into parliament; it is an open question whether they will continue as citizens when they become parliamentarians and government ministers.

Why should we imagine that history is about to make a new start in our case? I do not think that efficient but innocent politics can even be imagined. Let us leave it to future historians to decide whether the end of history has arrived, and power and the spirit, politics and morality are about to be reconciled. A politician who insists on seeing things as they are will never forget that you cannot have your cake and eat it too, and that the road to hell is paved with good intentions. Honest politicians reckon with the fact that their decisions favor some and damage the interests of others, and that the latter are likely to name the decision that hurts them a crime. They know that deciding means falling into sin, very much so if they are out of luck. Our intellectual friends are ready to undertake the practice of power and accept the responsibility that the turning of the political wheel of fortune has presented them with. They cannot avoid the question: Can one occupy the place of the bureaucracy without becoming a bureaucrat? Could it be that the intellectuals lose their clearsightedness precisely now when they have taken over power? Does this mean the end of critical talk and the coming of moralist apologetics?

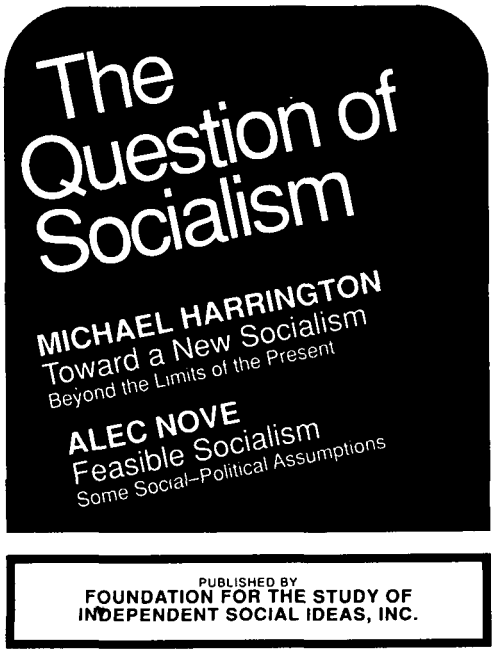
Let us suspend an answer. We are not competent to pronounce judgment over our own moral performance. What is more interesting is that the odds for our region were never before as good as they are now. Nineteen hundred and eighty-nine was the year of the democratic new beginning. If 1990 turns out to be the year of the nationalist follow-up, that would mean a botching of our chances for our own autonomy. More's the pity. Genuine insults and injuries exist; these however must not be allowed to suspend the continuous Central European conversation whose aim is to use ourselves to weave Europe eastwards. Supporting each other we strengthen our own sovereignty to allow ourselves to grow in our own natural environment.

Do we want to be a healthy component of this continent, or an unhappy area of inflammation? Making friends is more difficult if the dominant intellectuals of the new democracies, in or out of government, do not commit themselves to the unimpaired human rights of all their fellow citizens, including, as of primary importance, the right to the use of a native language, in education as well, from the nursery to university. If the new democracies, as a result of majority pressure, continue to limit the cultural autonomy of the minorities in the manner of the previous regime, if multicultural reality is forced into a monocultural Procrustean bed, if the majority is not generous toward the minorities, if Jew-baiting grows beyond graffiti into the press, if the right to differ is disputed, if communist censorship is replaced by nationalist censorship, if the practice of customs officials and environment-damaging works close to the frontier continue to sow suspicion among neighbors, if a government listens only to its own technical advisers and commits ecological aggression against a limitrophe nation; that is, if deeds do not accord with principles, then we will more closely resemble the Central European past than that democratic confederation imagined as a future solution that could then be an intermediate stage leading to the European integration of our nations.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Central and East European democratic movements successfully cooperated in the dissolution of the one-party dictatorships. In opposition they could count on each other's intellectual and practical support and solidarity. It is up to us to choose between divisive nationalism and a democratic federalism that assures equal dignity to every person and community. This region is now in a state of self-definition. Can democratic federalism, the Western and rational palliative of national conflicts, operate in these surroundings? There is need of a Central European federation made up of small nations that is both neutral and democratic. Neutrality does not mean indifference, but a choice of civic—to replace military—action. There is need of an intermediary cordon between NATO and the Soviet Union that is guaranteed by international treaties. We are beginning to recognize the challenge of an integration that spreads to all points of the compass. We are fatally settled in proximity; it is impossible for us to ignore each other. On the way from dictatorship to democracy the similarity of our aims and anxieties makes a continuous exchange imperative. The young minds ever more generally recognize joint Central and East European reflection and learning as the prospect of creative work. We who wish to maintain yesterday's coordinated opposition in tomorrow's coordinated making of Europe as friends think of ourselves as particularly committed to such aims. The match can still be won, we have not spoiled things yet, but the possibility of messing it all up is already present in outline. Thoughtful Central Europeans are aware that success is possible even if failure is the more likely outcome.

Translated from the Hungarian
by RUDOLF FISCHER □



The Question of Socialism:

Essays by Michael Harrington and Alec Nove

First published as articles in *Dissent*, these pieces contribute to the ongoing debate about socialism and markets.

- -

Send me _____ copy(ies) at $1.00 each, or $.50 each on orders of 10 or more.

Name _____

Address _____

_____

Amount enclosed _____. Make check payable to FSISI–Dissent, 521 Fifth Ave., NYC 10017.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

James B. Rule and Dennis Wrong

ON POLITICAL IDENTITIES

At a recent Dissent *editorial board meeting, we held a discussion on political identity. Who are we? What labels do we apply? The speakers were Bogdan Denitch (a version of whose talk appeared in our Spring issue) and James Rule and Dennis Wrong. Naturally, there were some differences of opinion and emphasis. Rule's remarks are printed below, followed by those of Wrong. More such may follow: stay tuned.*—EDS.

It's useful, sometimes even fun, to locate one's self on the political map. This is true both for us as individuals and for *Dissent* collectively. As a political publication we need to maintain a distinctive position for ourselves among the array that makes up political geography.

When in our lifetimes have those maps changed so rapidly and so radically? For *Dissent*, of course, these times bring special hazards. The great danger is that of being dismissed as part of an outmoded political idea—socialism—whose undoing is manifest in the collapse of the Soviet system. Most of us never felt any stake in "socialism" of that sort, and we feel optimism at the prospect of something better. But that won't stop many critics from writing us off, along with the egalitarian and democratic ideas we stand for.

The proper response is to make our *own* political maps—that is, to articulate our own accounts of the possibilities for social and political organization. Keeping up that kind of map-making commentary is just the kind of thing that *Dissent* should be good at. We need to show the world that the list of political possibilities is richer than that reflected in existing political regimes and movements.

So what about my own political map-making? Like many of us, I find it easier to declare what I don't believe in than what I do. The world offers so many profoundly *un*appealing possibilities—ranging from the bankruptcy of the political ideas of the Soviet Empire to the exuberant greed and social cynicism of Reaganism. And one has to ask how appealing the visions of European social democrats and U.S.-style liberals really are, as seen against serious demands for democracy, liberty, and equality.

Let me begin by identifying some key constraints that, I believe, all political philosophers in the 1990s must acknowledge. I see the following as bedrock realities.

First, everyone must now acknowledge that Soviet-style centralism has been as disastrous economically as it has been politically and morally. A centrally planned, command economy was capable of producing rapid growth in the early stages of industrialism—when administered with forced reduction in consumption and massive repression of dissent. Such arrangements, even if morally or politically acceptable, are incapable of sustaining the complex, high-tech economies that dominate the late twentieth century, let alone producing growth in such economies.

Second, economic growth in some form is something that every government will be expected to produce. Without mastering the management of complex, modern economies, the rulers of the world's advanced societies will face revolt from their people and second-class status in the community of nations.

Third, economic systems based on market principles—including both capitalism in its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

unreconstructed forms and economies involving various forms of government participation—can foster this much-sought-after growth. The growth that results may take many forms. It may involve egregiously one-sided enrichment of a small minority, environmental decimation, destruction of civic amenities, or any number of other undesirable phenomena. Or it may take more egalitarian and constructive forms. But we have no assurance that economic growth *tout court* will sustain the civil and social values that most of us in *Dissent* favor.

Fourth, the range of noncentralized economic systems capable of yielding such growth is considerable. That is, the auspices of such growth-producing economies range from relatively egalitarian, centrally planned Sweden through less egalitarian but still statist Japan to the relatively inegalitarian and much less economically statist United States.

But how do we address such constraints? What are our own values, and what lines of political action show most promise of realizing those values?

Most of us would want to insist on striving for a world where government intervenes in economic life to protect the weak. Similarly, we see an irreducible requirement for state action to uphold civic values that are in the strict sense *unmarketable*—the planning of public spaces, for example, or the preservation of the natural environment. Most of us would also like to see government policies aimed at considerable reduction of inequality of wages and wealth. And most of us seek the enlargement of political pluralism, with forceful guarantees of the rights of unusual or out-of-favor political, sexual, cultural, or ethnic groupings. In short, we support some sort of guided economy, with a considerable role for market forces; and we look to the state to foster diverse and egalitarian social arrangements.

Within the broad domain of these preferences, those of us on the democratic left have many differences. Often these differences are debated in terms of socialism-versus-liberalism—that is, in terms of where ownership of major productive wealth should reside. I suggest that this may not be the most significant or fruitful point to focus on. Perhaps the government-versus-private dichotomy should give way to a broad spectrum of different auspices for capital. Maybe we should be talking about how "ownership" might take on meanings and new social content in an egalitarian market economy.

Yet the most compelling questions for me turn not on the juridical facts of ownership but on *equality*. How much equality do we want, and, perhaps more important, *what kind* of equality? How compatible is such equality with other key political values and aspirations and with political-economic constraints of the sort I tried to sketch a moment ago?

The question is critical because it is possible to realize a number of other political ends often associated with the left without making much dent in inequality. Yet if I had to identify a key fact of social life in America (and nearly all other industrial societies) that I find most profoundly unacceptable, inequality would be it. Not all inequality, not certain distinctions that seem to me bound to arise out of individual differences of aptitude or ambition, but the massive, adventitious, inherited inequalities that consign different citizens by accident of birth to radically different social worlds. Let us remember that such inequalities have typified many countries with what pass for social democratic governments. And note that such inequalities have been shown to be sharper in Soviet bloc countries than in, say, welfare capitalist Sweden.

What are the most pernicious sorts of inequalities? Above all, those transmitted to each new generation, belying the claim that "free enterprise" enriches the realm of human choice. We should stand for a system in which inequalities of wealth and power begin and end in a single lifetime. This, surely, is a radical view. Even under most social democratic regimes, the children of the least privileged are born with possibilities for development and well-being sharply different from those of the well-to-do. This has to be held unacceptable.

We have also to take aim at a particularly malignant *form* of inequality—that which overwhelms grass-roots political participation

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

by enabling the better-off to dominate public life, especially political life. Whatever inequalities we accept as natural or inevitable must not be translatable into political power or domination of public discourse. And the kinds of inequalities I have in mind here are not only those of wealth and power but also inequalities in education, disposable time, and political savoir faire. The skew of participation in public life to the better-off is as grave a scandal as other forms of inequality.

For years it's been assumed that any such thoroughgoing attack on social inequality presumes some form of classic socialism. I'm not convinced. It seems to me that government ownership of productive wealth neither guarantees an attack on such inequalities nor is necessary for success in such an attack.

Think of a production worker in an auto plant, whose salary is perhaps a fiftieth of that of the managing director and who has no say whatever in the conditions of work. What difference does it make to someone at the bottom of that pyramid whether the ownership of the plant is in the hands of private capital or in those of the state? State ownership does not guarantee the mitigation of such injustices, nor—I believe—do other forms of ownership render it impossible.

Would employment in an establishment whose capital was formed from various "private" sources—conceivably including trade unions—under a strong "workers' bill of rights," necessarily be inferior to that in a state-owned enterprise? I can see no reason why this should be so.

So I think drastic reduction of inequality is a compelling political vision, and one compatible with market arrangements. Again, this is hardly an appeal for unlimited, enforced equality in all social contexts. In any world where market principles play a role, in any world that makes room for entrepreneurship and other forms of economic pluralism, some will prosper—whether by making authentic contributions or by dumb luck. Similarly, any society worth living in needs to have room for dropouts, misfits, and eccentrics—and there will always be at least a few to play those roles. Such variety should disturb no one, provided only that people's diverse courses in life are neither the result of massive, inherited inequalities nor the cause of them.

So how does one classify a political vision like this one? Clearly it is not a socialist program in the classic sense, because it places no premium on state ownership. Clearly, too, it differs from standard social democratic programs in its resistance to the sorts of enduring inequalities that they so often tolerate.

Indeed, many critics would fault a vision like this one precisely for not belonging anywhere. It is unthinkable, they would charge, to imagine a world that makes room for economic decentralization and entrepreneurship and yet dismantles longstanding encrustations of inherited inequality. Such a position is not just misguided, it would be claimed; it is actually "off the political map."

But that is just the business we should be in, above all at this lively stage of history—rewriting the map of political possibilities.

JAMES RULE

Dennis Wrong

What is our political identity? How do we label ourselves politically, for labels are unavoidable even as they unavoidably simplify? Who are "we," anyway? These questions acquire special urgency at a moment when unprecedented events in Europe confront the democratic left with a thoroughly transformed historical situation.

I recall a few years ago a visitor to one of our editorial board meetings asking Irving Howe in informal conversation what, if anything, we all agreed upon politically. Howe replied that at the very least all of us would almost certainly vote the same way in the major Western democracies, except perhaps in the case of Britain. This was shortly after the Social

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Democratic party (SDP) had been founded by dissidents from the Labour party.

Voting for a party is the most obvious if superficial indicator of a political identity. I should like to move to the next stage in delineating an identity: the choice of a generic label. The British SDP, alas, no longer exists, at least in its original form, but I am quite content with lower-case "social democrat" as a political description.

I do not, however, opt for "social democracy" simply as a lowest common denominator. Nor do I regard it as a less forthright synonym for "democratic socialism," implicitly acknowledging the inevitability of slow step-by-step progress toward an ultimate goal of supplanting capitalism altogether, let alone as a resigned settling for second best in the face of a recalcitrant reality. I want to affirm social democracy as a *sui generis* political standpoint, not as a mere way station or temporary compromise on the road to some version of full-fledged "socialism." If, as someone has said—I think it was Daniel Bell—"Social democracy is the highest form of capitalism," then I am prepared to affirm it as that too.

But social democracy is a descendant of late nineteenth- and early twentieth-century socialism at least as much as communism is. It is a long time since social democrats and all but small minorities of noncommunist socialists in the West have seen the image of their desire in the "actually existing socialisms" now in collapse in Eastern Europe and crumbling in the USSR. But this collapse has been so sudden, complete, and dramatic as to evoke a "sense of an ending" to many historical entities that seemed to be permanent fixtures—not that "history" itself is ending even in the special sense that Francis Fukuyama now insists he gave to that claim in his notorious essay. Indeed, it can be more plausibly argued that history is now resuming in the nations where it had been frozen for decades under rigid communist regimes. Certainly, communism or Marxist-Leninism as a world historical force, the cold war and the division of Germany and Europe it perpetuated, the threat of a nuclear war, belief in revolution as an agency for creating a morally superior social order, the assumption that economic planning can dispense with the market mechanism—all of them, along with much else, are ending.

Is socialism as an ideal and actual or potential movement irreparably damaged even though it can be plausibly argued that the Soviet model and its replicas were perversions of the values originally identified with socialism? I think that this question must be answered affirmatively: the dissolution of communism is indeed the death knell of socialism as a credible and attractive political goal. The impact of communism's collapse, however, is at least in part a matter of historical timing, both in the communist world itself and in its coinciding with social and economic changes in the Western capitalist democracies that have for some time been adversely affecting the political prospects of socialism.

The end of the socialist project, however, is not the end of social democracy, the welfare state, or post–New Deal American liberalism, our equivalent of European social democracy. Although the left in general has fared badly in the last decade, I am enough of an optimist to think that the communist debacle may end up contributing to the renascence of social democracy and American liberalism as a result of the "peace dividend" and the fact that the conservative opposition has now been deprived of the anticommunism and national defense issues it has so heavily exploited. Independent of events in Europe, the established parties of the left are due for some electoral successes after so long a period of conservative rule, in accordance with the rhythm of democratic politics. But this is not the same thing as reviving the appeal of socialism as an "alternative society" gloriously delivered from the limitations of the regulated capitalism under which we live.

The thorough and nonviolent nature of the successful revolt against communism in East-Central Europe suggests that it all could have happened at just about any time since the death of Stalin: in 1953 when workers rebelled in East Berlin and Poland, in 1956 at the time of the Hungarian Revolution, in 1968 with the Prague Spring, and in 1980–81 when Solidarity emerged in Poland. That the postwar Soviet

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

empire ended now is entirely due to Mikhail Gorbachev's having indicated that he would not resort to force to keep the satellite regimes in power. As in the past year, the earlier revolts were fired by demands for democracy and national independence. But there was one important difference: in the 1950s and 1960s "socialism with a human face" was still a vibrant aspiration. This is not the case today, not even in East Germany.

In the Soviet Union, the weakness of the economy appears to have chiefly induced Gorbachev to set in motion the present upheavals. A growing awareness of economic backwardness and even decline, more than the crimes of Stalin, the police state, the suppressed nationalisms, cold war weariness, or lack of cultural freedom, dictated the new policies. This fact strikes directly at the traditional claims of socialism, for, whatever additional moral or cultural ideals are associated with it, it was supposed to be a form of economic organization, what Marxists call a "mode of production," that improved upon capitalism.

A lingering nostalgia for the familiar routines of the cold war has been detected among some conservatives, including several leading figures of the Bush administration. There has been less comment on the ambivalence of many on the left toward the collapse of communism. Much of it simply reflects distaste for the self-righteous exultation of conservatives over the West's victory in the cold war, often narrowly hailed as the victory of capitalism. Some leftists have rather plaintively noted that East Europeans are not clamoring for the "restoration of capitalism." Of course not: no one has ever died for capitalism, as Schumpeter pointed out long ago. Capitalism is a condition, not a theory, a set of instrumental activities, not an ideal or myth in the Sorelian sense. It is always judged by its results; unlike freedom, democracy, or national identity, it is not seen as incarnating eternal values—except, perhaps, in the ideological concoctions of writers like George Gilder. Ernest Gellner once remarked that if capitalism didn't exist, no one would have bothered to invent it. Capitalism is not, in contrast to socialism, a project to be realized or restored, nor is it a clearly bounded system discontinuous with socialism, as most Marxists and their mirror-image opposites, the followers of Hayek and Milton Friedman, habitually assume.

Protesting citizens in Europe, and in the Soviet Union and China as well, do, however, give evidence of wanting the fruits of capitalism—more consumer goods and a higher standard of living. A few voices on the left have disparaged this as "consumerism," particularly with reference to the East German migrants to the West, as if socialism implied a communal asceticism like that of some religious orders. Others have worried that when reformist leaders in the communist states have announced the goal of introducing a market economy, they are acquiescing, whether knowingly or not, in the reintroduction of capitalism. A market economy is certainly a component of capitalism, but it is hardly to be equated with it, as readers of Alec Nove's immensely impressive *The Economics of Feasible Socialism* will be fully aware.

Much left-wing comment has been quick to contend that the citizens of reformed communist states will not wish to dispense with the state-provided services to which they have become accustomed. No doubt this is so, but the welfare state should not be equated with socialism any more than a market economy is with capitalism. The continuing large numbers of migrants from East to West Germany are indeed able to avail themselves of the Federal Republic's generous state services. But to lay particular stress on this is to obscure the depth of popular discontent with communism. After all, the West German welfare state was not yet in place back in 1961 when the Wall was built in order to stanch an outflow from East Germany. Nor has the United States with its notoriously inadequate welfare state, about which we on the left constantly complain, failed to attract immigrants from the communist world.

The uncertain reaction from some on the left does not reflect a coherent theory or even opinion, let alone any residual pro-Soviet allegiance or a belief in the "moral equivalence" of the cold war antagonists (supposedly a fixed left-liberal tenet according to the neoconservatives). I think it reflects, rather, a feeling that communism, for all its faults and failures, was at least an eco-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nomic system utterly different from capitalism. It therefore kept alive for radicals in the West the hope that their societies did not have to be the way they were, that if such a far-reaching though unappealing alternative to capitalism could exist, a more desirable alternative might also be attainable.

This outlook presupposes a stark contrast between capitalism and socialism, the latter meaning, in the critical characterization of Agnes Heller and Ferenc Fehèr, "a brand-new society . . . which was to be the absolute negation of everything that had existed . . . the total transcendence of the modern world." The converse is the image of capitalism as a bleak, unchanging order of exploitation, inequality, greed, and meretricious glitter. An editorial in the *Nation* on the opening of the Berlin Wall insists that the events in Europe are not "the funeral of socialism," that we need not conclude that "this death of an epoch heralds a capitalist eternity," denying in familiar Freudian fashion just what is most feared.

More than forty years ago I was impressed by Philip Rahv's statement at the high tide of the influence of Stalinism that "what we need is a *disenchanted socialism*, a socialism defined simply as a socio-economic project of twentieth century man" (his italics). Today the very concept of socialism seems to me too evocative of totalistic solutions, as in the phrase, still widely used by thoroughly principled democrats, "the transition to socialism," which implies a once-and-for-all passage across a clearly demarcated dividing line. True, utopian dreams of a perfect society cleansed of all evil and suffering may be ineradicably rooted in human consciousness. But so are anti-utopian sentiments, as we were most memorably reminded by Dostoevsky in *Notes from Underground*.

If socialism encompasses a realm of ideal possibility that is not exhausted by past failures to realize it, capitalism usually connotes what actually exists. Not that there are no imagined visions of an ideal capitalism: Milton and Rose Friedman are authors of a book entitled *The Tyranny of the Status Quo*! But even if understood as referring essentially to existing societies and economies, capitalism need not be used merely as a negative label for all that socialists would like to do away with. The concept of capitalism sorely needs to be disaggregated, broken down into its components, maybe abandoned altogether as having outlived its usefulness now that its nineteenth-century form has been overcome.

One component of capitalism is a decentralized market economy in which prices and production are largely determined by the interplay of supply and demand. However, the notion of "market socialism" is no contradiction in terms nor merely a suggestive oxymoron. I find Alec Nove's market-based conception of a "feasible socialism" both realistic and attractive. But he describes what is essentially a mixed economy, combining plan and market and including a variety of different kinds of production units: state-owned large-scale industries, socialized firms under the control of their own work force, cooperatives, small private enterprises, and self-employed individuals. The preponderance of worker-owned and cooperative enterprises justifies the use of the socialist label, *sans* the "state" prefix, as well as the presence of some government planning and a generous welfare state.

But Nove abandons a great deal of traditional socialist intellectual baggage. He rejects Marxist economics as "irrelevant" and "misleading," especially such utopian goals as the abolition of money and the division of labor and the creation of a New Man motivated by altruism. But he also dismisses Marxist strictures against commodity production, wage labor, and material incentives. All of them will have to be retained, for practical rather than moral reasons, by any viable socialist economy. Nove criticizes a number of other beliefs and policies not solely of Marxian provenance that have been widely advocated by leftists: redistributive taxation, import controls, wage increases without gains in labor productivity, price controls without wage controls, the elimination of profit both as a measure of efficiency and as an incentive, the substitution of "workers' control" for managerial hierarchies of authority. On the latter point, he sensibly doubts that all, or even most, workers will wish to "participate in decision-making" on the details of production and sales despite

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

collectively owning the firms for which they work. Nove's feasible socialism is based on his life-long study of the Soviet economy, whose inadequacies he is not disposed to dismiss as entirely the result of capitalist encirclement, Russian backwardness, or Bolshevik elitism.

Nove wants to correct the "utopian immanentism," as Axel van den Berg has called it, of the Marxist tradition, the insistence that socialism requires little concrete specification because it will define itself in the course of its making. Nove's economic model of socialism presupposes a political context of full representative democracy. But, as Perry Anderson observes, he provides no answer to the question, "How are we to get from where we are today to where he points us to tomorrow?" Anderson evidently believes that only a successful revolutionary assault on capitalism can defeat it, as is implied by his claim that the cold war is "founded on the ceaseless determination of major capitalist states to stifle every attempt to build socialism, from the Russian to the Vietnamese, the Central European down to the Central American revolutions."

The adjective in "democratic socialism" is usually understood to refer not only to the ultimate goal but also to the means of achieving it. I find compelling Adam Przeworski's criticism of the electoral route to socialism, his questioning that successive reforms carried out by social democratic parties are likely to prove irreversible or to cumulate into achieved socialism. Przeworski sees socialism as more than a political project attainable through the exercise of political power. This is surely applicable to Nove's model: the state can hardly by statutory decree bring about true "economic democracy" in the form of genuine worker-controlled and cooperative enterprises. One thing brought to an end by the collapse of communism may be the longstanding belief that state action can achieve fundamental social change, or "structural" change as it is often called, without degenerating into tyranny. Przeworski weakens his case, however, by defining socialism in so utopian a Marxist-cum-Marcusean fashion that one is skeptical that *any* route would get us there. Marx may have been wrong in thinking that capitalism was doomed because of its internal contradictions, but he was probably right in believing that only its complete economic breakdown would suffice to make possible the rise of a new and entirely different economic system.

To return for some final comments to the matter of choosing a political label: since a noun is more salient and therefore implicitly more important than an adjective modifying it, I prefer "social democracy" to "democratic socialism." One should always pay close attention to the literal meaning of political terms and to their etymological origins. Socialism is one of a family of terms most of which were coined in the first half of the nineteenth century. Communism, collectivism, communalism, communitarianism, and solidarism are other members of the family. When chosen as names for parties, movements, or political ideologies, they extol the group or collectivity as the object of supreme value and imply that their goal is to bring about a state of affairs in which its welfare will take precedence over the claims of individuals. I am aware that socialists as different as Marx, Durkheim (the colleague of Jean Jaurès), and Oscar Wilde have argued that only under socialism would full individual self-expression become possible for everyone, but this is not obviously implied by the label itself.

The opposite of socialism or communism, so understood, is not capitalism but individualism, identified with egoism, self-seeking, indifference, or antagonism to others. There are undeniably forms of individualism, at least at the level of practice, that are thoroughly antisocial, whose unrestrained expression conjures up the image of a Hobbesian or Social Darwinist world that is the very negation of society. But there are also forms of collectivism that suggest a world of dehumanized insectlike or robotized creatures, as in the dystopias of Zamiatin, Huxley, and Orwell that were for a time at least prefigured by the totalitarian regimes calling themselves socialist.

Although capitalism has in the past invoked the values of individualism to justify itself ideologically and resist state regulation, the link between capitalism and individualism is historically contingent rather than inherent.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Individualism as a set of values is not necessarily tied to either capitalist or socialist economic systems. I should like to work "liberal" into my preferred political label, as in "social democratic liberalism," simply "social liberalism," or "liberal social democracy," because, for me, belief in individual freedom has precedence over any other value. Of the most widely used paired political labels, "liberal-conservative" and "left-right," liberal is the only one with a substantive meaning of its own, the others being definable only in relation to their opposites. In any case, the disappearance of communism will have the additional advantage of enabling us to dispense with the necessity of devising polysyllabic portmanteau labels to dissociate ourselves from it. Yet even if the Soviet Union itself abandons both the substance and the symbols of communism, the memory of it will live on, as has that of Hitler's Germany, which also called itself socialist. I shall give the last word to the new president of Czechoslovakia. Arguing last January 23 for dropping the word "socialist" from his country's official name, Vaclav Havel said: "The word evokes general repugnance. We all want a republic with social justice, in which there are neither serfs nor lords. Let us finally admit that the word 'socialist' has lost its meaning in our context." □

Dissent Major Sales Outlets for Our Magazine in New York City:

ALHUMRE INC.
1605 2nd Ave. (83rd & 84th Sts.)

BARNES & NOBLE, ANNEX
126 5th Ave. (18th St.0

B. DALTON
109 E. 42nd St.
666 5th Ave. (52nd St.)

BOOKS & CO.
939 Madison Ave. (75th St.)

COLISEUM BOOKS
1771 Broadway (57th St.)

EASTERN NEWSSTANDS:
30 Rockefeller Plaza
750 Third Ave.
350 Fifth Ave.
200 Park AVe.
540 Madison Ave.
World Trade Center

EASTSIDE BOOKSTORE
11 St. Mark's Place

EMPIRE CANDY
2635 Broadway (100th St.)

GOTTFRIED BROS
600 Madison Ave.

HUDSON NEWS
753 Broadway

HYDE PARK STATIONERS
992 Madison Ave. (77th St.)

JONIL
245 3rd Ave.

LIBRARIE LIPTON
850 Lexington Ave.

LINA MAGAZINES
Park Ave. So.
(21st & 22nd Sts.)

LOBBY OF THE
PAN AM BUILDING
200 Park Ave.)

THE MAGAZINE STORE
Broadw;ay bet. 62nd & 63rd St.

NIKOS
462 6th Ave. (11th St.)

NIVA TRADING INC.
405 6th Ave.

PAPER HOUSE, INC.
18-A Lexington Ave.
(22nd & 23rtd Sts.)

PAPYRUS
2915 Broadway (114th St.)

PARKSIDE STATIONERY
120 East 34th St. (Lexington Ave.)

PARSLEY SAGE, INC.
73 7th Ave. S. (Barrow)

PERIODIC NEWS
405 6th Ave.

REVOLUTION BOOKS
13 East 16th St.

RIZZOLI
Winter Garden
Battery Park City

RIZZOLI
31 W. 55th St.

RUTKIN NEWSSTAND
42nd St. (Between 5th & 6th Aves.)

72ND ST. STATIONERY
238 W. 72nd St. (Broadway)

SHAH STATIONERY
2795 Broadway (107th–108th)

SHAKESPEARE & COMPANY
2259 Broadway (81st St.)

SPRING STREET BOOKS, INC.
169 Spring St.

ST. MARK'S BOOKSHOP
13 St. Mark's Place

STATE NEWS
1243 3rd Ave. (71st–72nd)

STATE NEWS—WEST SIDE
2571 Broadway (96th–97th)

TOBACCO SHACK, INC.
1546 1st Ave. (80th–81st)

TOWER 67 NEWS
165 Amsterdam Ave.

WALDEN BOOKS
57 Broadway (Wall St.)

WAVERLY SMOKE
Waverly Place

WENDELL'S
302 W. 12th St.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Taylor Stoehr

GROWING UP ABSURD—AGAIN

Rereading Paul Goodman in the Nineties

This year marks the thirtieth anniversary of Paul Goodman's *Growing Up Absurd*. Those old enough to have been students in 1960 remember the shock waves it caused. As one writer "under thirty" put it, at last someone from the older generation had told the truth about American society—"what the sharpest young people know today, and speak of among themselves." Yet *Growing Up Absurd* was no underground classic of campus cafeterias. It appealed to a wide audience of thoughtful people, desperate for a breath of fresh air in the Eisenhower era. Chapters from it were printed not only in radical magazines like *Dissent* and *Liberation* but also in *Commentary, Evergreen Review,* and even *Mademoiselle*, and the young who did not discover him through their own grapevine were likely to find Goodman on the reading list for Freshman English.

Among political thinkers of the New Left, Goodman was unusual in the range of subjects he felt confident in addressing. During the next decade he was invited to hundreds of colleges, where he might speak on education one night, give a seminar on urban and rural values the next day, followed by a speech on psychoanalysis and religion or the morality of scientific technology. Goodman had written on all these topics, including major theoretical works on city planning and psychotherapy. His plays had been produced by the Living Theatre, and his novels, stories, and poems had won him an award from the American Academy of Arts and Letters.

In spite of all this Goodman was a relatively unknown figure in American letters. He had never had a big public success, and the plums

Paul Goodman Photo by Heka Davis

seemed never to fall into his lap. Goodman drifted farther and farther "out of the swim" and lived below the poverty line for many years, during which he and his wife nonetheless managed to raise a family chiefly on her salary as a secretary.

No wonder! As an anarchist and pacifist during World War II he had advocated draft-dodging, he flaunted his bisexuality, and his talent for saying what nobody wanted to hear got him fired from teaching jobs after a semester or two. He had become a kind of pariah (his word), so much so that early in the fifties he had given up on his literary career and turned to psychotherapy for a living and a way of being justified in the world.

Although he never thought of himself as political, there was surely a political message in the fact that he invariably raised the hackles of his readers. As he often said, if a man simply does his job well, he is bound to get into hot water. As a psychotherapist Goodman put the blame of maladjustment on society rather than the patient, and treatment was

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

aimed at helping people change circumstances rather than character structures. This applied to the larger scene as well, and during the late fifties he began to edge toward a new vocation as social critic, at the same time that society itself was shifting in ways that would create an audience for what he had to say.

Immediately after World War II radicals had predicted the institution of a "permanent war economy"—by the mid-fifties called, still more blandly, "the organized system" or, somewhat misleadingly, "the cold war." There was little comfort in having been right about this, since the political intelligentsia was going through its own decline; it took ten years of postwar muttering before the left began to find its voice again. By then things had gotten much worse. For the younger generation in particular, what was appalling was the contrast between the contented conveyor-belt world they were being socialized for and the increasing likelihood that the machinery, they themselves, and the planet would come to a final nuclear halt. The young of the middle class grew restive in their colleges. When the latest bohemian avatar—the beatnik—was suddenly inflated to mythic proportions by the media, many students "disaffiliated" (as the jargon went) to join Kerouac and company in spirit if not actually on the road. Working-class and ghetto youths with less future to renounce, reacted more recklessly to society's plans for them. The teenage gangs with their tribal codes of honor and their compulsive risk taking had in effect seceded from the social order and returned to Hobbes's state of nature.

These were forms of withdrawal and despair rather than confrontation. It was up to the left to find ways of turning disaffiliation and delinquency into politics. At this point Goodman sat down to write *Growing Up Absurd*, originally commissioned by a small publisher simply as a book on the teenage gangs rampaging in New York during the summer of 1959. From the first Goodman conceived his book in much larger terms. He knew what he wanted to say because he had been saying it for years, and anyone close to him would hear the echoes on every page. Indeed, sometimes he merely quoted from earlier works. His authorities were his friends Harold Rosenberg, Benjamin Nelson, Elliott Shapiro; and his own experiences teaching at a left-wing prep school or hanging out with Black Mountain College drop-outs in Greenwich Village gave him plenty of examples of "disaffiliated youth." His Puerto Rican handball partners provided the delinquent's worldview: "I won you, didn' I? I won you last week too, didn' I?"

To the big new audience Goodman now reached, *Growing Up Absurd* was a revelation. He pointed out how the wave of juvenile delinquency paralleled the beatnik subculture in the same urban centers, and he argued that both forms of rebellion were responses to the organized system, equally familiar territory mapped by everyone from George Orwell to Erich Fromm. People were habituated to the isolated phenomena that made the headlines, but almost no one recognized the pattern in them.

Goodman had been decrying what he called "the sociolatry" as long as others were talking about the permanent war economy. In his view it was the usurpation of ordinary life by this vast machinery that lay behind the metaphysical crisis the existentialists were now terming "absurd":

> Let us exaggerate the conditions that we have been describing. Conceive that the man-made environment is now *out* of human scale. Business, government, and real property have closed up *all* the space there is. There is no behavior unregulated by the firm or the police. Unless the entire economic machine is operating, it is impossible to produce and buy bread. Public speech quite disregards human facts. There is a rigid caste system in which everyone has a slot and the upper group stands for nothing culturally. The university has become merely a training ground for technicians and applied-anthropologists. Sexuality is divorced from manly independence and achievement. The FBI has a file card of all the lies and truths about everybody. And so forth. If we sum up these imagined conditions, there would arise a formidable question: Is it possible, being a human being, to exist? There would be a kind of metaphysical crisis.
>
> Or put it another way. These conditions are absurd, they don't make sense; and yet millions, who to all appearances are human beings, behave

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

> as though they were the normal course of things. For instance, we encourage economic lunacy by watching TV; we gossip about the new cars though they will make our cities unlivable; we answer impertinent questions of investigators about our friends; we attend conventions, listen to public spokesmen, and smile a lot and shake hands. A man is put in doubt about his own sanity. Do they have the right of it, that there is nothing absurd? Then what kind of animal is oneself? Automatically one begins to use their words and think their thoughts, although one *knows* that they are absurd.

Goodman did not think America had quite arrived at this Orwellian world, but the disaffection of young people was signaling how close it was. The danger was not a matter of oppression so much as of suffocation. Growing up had become a process of becoming "socialized," that is, of learning to play one's part in the structure of roles and statuses. Such aims and practices went against human nature and could not be remedied by simply improving the methods of socialization—more communication, better schools, enlarged staffs of social workers. "Instead, there will have to be changes in our society and its culture, so as to meet the appetites and capacities of human nature, in order to grow up." Goodman's next paragraph spelled out his main theme so trenchantly that it is worth another long quotation:

> Growth, like any ongoing function, requires adequate objects in the environment to meet the needs and capacities of the growing child, boy, youth, and young man, until he can better choose and make his own environment. It is not a "psychological" question of poor influences and bad attitudes, but an objective question of real opportunities for worthwhile experiences. It makes no difference whether the growth is normal or distorted, only real objects will finish the experience. . . . It is here that the therapy of belonging and socializing breaks down miserably. For it can be shown—I intend to show—that with all the harmonious belonging and all the tidying up of background conditions that you please, our abundant society is at present simply deficient in many of the most elementary objective opportunities and worthwhile goals that could make growing up possible. It is lacking in enough man's work. It is lacking in honest public speech, and people are not taken seriously. It is lacking in the opportunity to be useful. It thwarts aptitude and creates stupidity. It shackles science. It dampens animal ardor. It discourages the religious convictions of Justification and Vocation and it dims the sense that there is a Creation. It has no Honor. It has no Community.
>
> Just look at that list. There is nothing in it that is surprising, in either the small letters or the capitals. I have nothing subtle or novel to say in this book; these are the things that *everybody* knows.

If everyone knew these things, why were so few doing anything about them? Goodman put part of the blame on social critics like himself, especially the academic sociologists who were, he thought, bemused by their cult of methodology: "Paying attention to the products of the social machine and the issue of making the machine itself," he wrote in a separate essay, "social criticism has mostly ignored the underlying social psychology, obvious as it is. Their cultural dismay is genuine, but they take much too lightly the absence of initiative, morale, or commitment; their tone has neither indignation nor utopian aspiration; they seem to be reconciled to people having no *souls*."

The experts responded huffily: "Qualified investigators—with specialized training—have been and are at work to find correlations and hopefully causal factors in regard to adolescents with social and emotional problems." What studies had he run? Where were his data? To which he replied that even the best authorities seemed to rely on information derived from the juvenile delinquents who got caught—obviously a skewed sample. But it was the self-righteous tone of these qualified investigators, with their correlations and causal factors, that burned him up. There was no sign that any of them took the young seriously as people, with ordinary human needs. Delinquents and drop-outs simply represented a rattle in the social mechanism, to be corrected by tightening the screws. Goodman declared that the young were right to rebel against a society that did not give them meaningful work to do, sexual freedom, a community to be proud of, and food for the spirit.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When Goodman complained that society offered too little "manly work" to its adolescent youths, he was not talking about unemployment—though well aware that the lack of jobs was a major cause of delinquency in the ghetto—but the more pervasive scarcity of work worth doing at all. One had to ask what the job was *for*. Most careers and callings were without ideals of use or service, simply competitive and commercial. The problem was so endemic in American society that most people regarded it as part of life. Ralph Waldo Emerson, the radical thinker in the previous century most akin to Goodman, had said much the same thing to an audience of young "mechanics' apprentices" in 1841: each of "the lucrative professions and practices of man . . . requires of the practitioner a certain shutting of the eyes, a certain dapperness and compliance, an acceptance of customs, a sequestration from the sentiments of generosity and love, and compromise of private opinion and lofty integrity." A hundred years later Goodman called this state of affairs "the rat race." The illusion that no other way of doing things was possible he named "the apparently closed room." The young quickly saw the point, for especially among college students it was their own nagging discovery. But the older generation, which had learned not to expect too much from the world, hardly knew what he was talking about.

It took readers aback to find Goodman writing so unembarrassedly about ideals. Again and again he was described as "old-fashioned" and even "old-fashionedly moral," because he spoke of honor and faith and a sense of vocation: "[W]e all believe and know these things," wrote one reviewer who was surprised and moved, "but we fear that to say them out loud would be to evoke the superior smile." Goodman was able to call upon traditional values with an assurance that rivaled Emerson's because he, too, was a man of letters in the old-fashioned sense, at home in high culture. His words rang true in a way that sent shivers down the spine. Americans were not used to it, but apparently they still wanted to believe in a connection between work and ideals.

An emphasis on the moral life was part of the general development of the New Left ethos, which has been identified as existentialist and often been traced to Albert Camus. Whatever one thinks about this genealogy—Goodman himself was not very impressed by the French version of *Existenz*, which he preferred in the theological form Martin Buber gave it—the ethical dimension of *Growing Up Absurd* was Protestant and Pragmatist as much as anything. The idea of "staking all" in some romantic moment of moral ecstasy did not appeal to him. Sometimes his disciples misread him on these issues, taking his life choices—as a bohemian artist, an open and promiscuous bisexual, a self-proclaimed anarchist and seditiously outspoken pacifist—to represent daring acts of commitment. But he was opposed to taking risks, and simply wanted to lead the jolly life of a twelve-year-old, with as little adult supervision as possible. One reason why he was so in tune with the young was that he himself had never quite grown up—that was one (not altogether satisfactory) alternative to growing up absurd. They loved him for it.

And yet his critics were wrong when they accused him of catering to the young, or blindly accepting their impulses as politically sound. He was always telling his youthful audiences that they did not know enough, that they had to work at mastering something so that they could contribute to a better society. At the same time he was obviously giving them permission to *be* young and to enjoy their prerogatives. This, too, his critics abhorred.

One chapter in particular, on the "Social Animal," disturbed people, for there Goodman made his case for the sexual freedom of the young. Some reviewers who knew him personally, and disapproved, thought that his whole book was special pleading: "Goodman wants the colleges and universities to safeguard the freedom of sexual deviants . . . . [W]e come in such passages to the heart of Goodman's grievance against society, and the source for his quest for allies among the juvenile delinquents." Goodman had an answer to such attacks: "How could I write a perceptive book if I didn't pay attention, and why should I pay attention to something unless, for some reason, it interested me? The motivation of most

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sociology, whatever it is, tends to produce worse books."

What made the hair stand up on some graying heads had a very different effect among the young, who took Goodman's defense of their sexual freedom at face value. His "social animal" was not the hygienic statistic of the Kinsey Report, but a flesh and blood creature, struggling in the net of inconsistent mores, the interrupted and incomplete sexual revolution of our century. The young were right to judge that he was on their side in this struggle.

At the end of *Growing Up Absurd* Goodman offered a program consisting of a couple of dozen such "missed" or "unfinished" revolutions that needed to be honestly carried through in order to establish a community for the young to grow up in. His list was a catalog of the ideas of modern Western culture: from science and technology to pacifism and the brotherhood of man, from democracy and freedom of speech to syndicalism and progressive education. In recounting these noble goals and their betrayal, he was asking readers to take the modern enterprise seriously, and not just for granted. In his journal he congratulated himself:

> Socially and psychologically, this has the effect of making my radical rejection of the *status quo* seem spectacularly conservative. (In fact, I am conservative.) I rely on the natural strength of the unfinished situation seeking closure; the "present" is broadened to include more past.

And in a similar vein, of himself and his friends:

> Our position is ambiguous. On the one hand we are the savage, obscene, and uncouth anarchists, rebelling against the solid Establishment. On the other hand, we are the handful of high-born, well educated, God-fearing and polite aristocracy protesting against the vulgar powers-that-be. To ourselves, finally, we are simple and all of a piece—there is nothing to do but stick to our principles, brazen them out, and try to diminish both our irrational guilt in society and our inhumane contempt for it. Yet the others suffer more from us than we do from them; they are made anxious by our animality, humiliated by our snobbery.

It was such strokes that won him disciples on the campuses, at the same time that they maddened his detractors. Later in the decade rebel students would be calling him a bourgeois liberal, while establishment figures who *were* bourgeois liberals still called him a seducer of the young. Now that the dust has settled, it should be possible to raise another kind of question about his influence. One way of putting it would be to ask how *Growing Up Absurd* has weathered its thirty years. What, in the nineties, might we still learn from Goodman?

It is easy to show that *Growing Up Absurd* is dated. Beatniks and juvenile delinquents are antiquated types—though the youth gangs are killing each other again, for higher stakes, in Boston and Washington, D.C., while the flower of disaffiliation has simply passed on from beat to hippie to punk. But these are mere symptoms, as they were in 1960; certain basic concerns of public life have also been altered by the experience of the intervening years so profoundly that *Growing Up Absurd,* because it did not address them directly, might now seem stale or beside the point. During the last dozen years of his life Goodman had a lot to say about some of these, but in his book on youth and the organized system they are, at best, part of the background.

The cold war is a continuous presence in *Growing Up Absurd*, especially in the chapter on "Patriotism," but he did not focus exclusively on international politics. Unless something like censorship interfered with his work, or something like the Vietnam War and the draft took him "by the throat" so that he could not breathe, Goodman steered clear of politics, quite the opposite of radicals like A. J. Muste or Noam Chomsky; and even when he felt constrained to raise his voice, it was likely to be an angry rebuke in speech or broadside rather than patient exposition and analysis. A good example is his "Causerie at the Military-Industrial," sternly delivered to a conference of high-level research and development officials during the Pentagon demonstrations of 1967, with his student allies picketing at the door.

Today he would probably not be writing about world politics, though in the climate of the nineties the Czechs and Poles would have much to learn from *Communitas, Compulsory*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Mis-Education, and *People or Personnel,* books that make the decentralist argument against the aggrandizing bureaucracy of the state. In recent years Goodman's writings have probably been most read in West Germany, by the anarchist wing of the Greens.

The civil rights movement concerned Goodman from its earliest stages, though he wrote about it infrequently—half a dozen articles, mostly in *Liberation,* and only in passing in books. He had friends among black activists, notably Bayard Rustin, one of Martin Luther King, Jr.'s chief advisers, and he dedicated a book to Elliott Shapiro, the famous white principal of P.S. 119 in Harlem; but Goodman's relations with younger civil rights workers were never very close. *Growing Up Absurd* dealt with black and Puerto Rican youth rather schematically, hardly distinguishing them from white toughs of the slums, but surely he was not wrong to say that the heart of juvenile delinquency was economic: "The underprivileged kids get around more and are exposed to the expensive glamour, but this is precisely not attainable by them unless they take short cuts." For him most racial issues boiled down to social and economic justice pure and simple. Though he claimed being "queer" made him a kind of "nigger," he did not try to theorize out of his own experience. On particular problems like busing or breakfast programs he was more likely to ask what was good for the children than to support any faction. As for Black Power, he was for it if it meant community control of schools, services, and police. If not, what good was it? A shibboleth. Often this was not what anybody wanted to hear, but like Shapiro he was a good friend to racial equality without mythologizing the conflict.

A recurrent complaint about *Growing Up Absurd,* even in the first letters and reviews, was that Goodman ignored the problems of girls and young women, half the youth in the organized society. To this he had a standard answer, which took the accusation seriously though it was often merely a pretext for homophobic attacks on him:

> (I say the "young men and boys" rather than "young people" because the problems I want to discuss in this book belong primarily, in our society, to the boys: how to be useful and make something of oneself. A girl does not *have* to, she is not expected to, "make something" of herself. Her career does not have to be self-justifying, for she will have children, which is absolutely self-justifying, like any other natural or creative act. With this background, it is less important, for instance, what job an average young woman works at till she is married. The quest for the glamour job is given at least a little substance by its relation to a "better" marriage. Correspondingly, our "youth troubles" are boys' troubles—female delinquency is sexual: "incorrigibility" and unmarried pregnancy. Yet as every woman knows, these problems are intensely interesting to women, for if the boys do not grow to be men, where shall the women find men? If the husband is running the rat race of the organized system, there is not much father for the children.)

Goodman's rationale for leaving women out of *Growing Up Absurd* came as an afterthought, a long parenthesis added to his first chapter after it appeared in *Dissent.* Initially it did not occur to him to justify himself. He was simply blinded in this area, unable to see, for example, that his argument could be reversed: men needed women with their own autonomy and pride, and unless their claims were taken into account there could hardly be any full understanding of what human nature requires to grow up. It was all very well for Goodman to say that bearing and raising children were "absolutely self-justifying," but what if society treated these as subordinate roles, functions of a kind of servant class incompetent for anything else? For someone who recognized how thin and bare American family life had become, Goodman clung with astonishing tenacity to the patriarchal skeleton. Actually feminism and anarchism coincide on many issues. Perhaps Goodman would have granted this had he been writing *Growing Up Absurd* in 1990 instead of 1960, but it is not really clear what he would have said today. His thinking might have taken shape along the lines of his friend Ivan Illich, whose theories of gendered spheres of life and work have gotten him vilified as an "essentialist" by academic feminism. That was certainly the direction in which Goodman was leaning.

Goodman was using the word "ecology" long before he wrote *Growing Up Absurd,* and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

he considered an unpolluted natural world part of our birthright. In his last book, *Little Prayers and Finite Experience,* he reaffirmed the minimum program of his "peasant anarchism": "I want only that the children have bright eyes, the river be clean, food and sex be available, and nobody be pushed around." The main arguments he made regarding ecology were already formulated in 1960, and come into his critique of the organized system in three ways: his pervasive disgust with the American standard of living, full of waste and frivolity; his call for a closer and more harmonious relation of the urban and the rural, rather than the specious modern mixing of the two in suburbia; and finally his insistence that modern technology be taken out of the hands of the greedy corporations and made responsible to human need and the health of the planet.

A related area, where time has perhaps eroded Goodman's analysis, is economic. Ours remains an affluent society, with enormous amounts of leisure, a surplus of goods, and a large class of unemployables on the dole or in the army; the crucial economic problem remains that of synthesized demand. But it is also true that for certain basic goods such as housing, medical care, education, and even food, the quality has gotten shoddier and shoddier. The trick now is not only to make people want things they don't need but also to make them believe they're getting what they do need. More and more people find it hard to raise middle-class families without two jobs, and among the poor there are still many without even one. What this means is not that Goodman was wrong in thinking that American affluence was here to stay. Rather, as he said in his chapter on "Class Structure," the income pyramid has changed its shape: "It used to be that the most were the poor at the bottom and then, *evenly*, fewer and fewer at each level up to a few at the top. But the meaning of the economy of abundance is that there are now very many, perhaps even a bulge, at the lower-middle-income level," and it followed, among other things, "that those at the bottom tend to fall out of 'society' altogether." Today it is harder to stay in the "bulge"—or perhaps there are now two bulges, like a snowman. Where these questions turn into ecological ones, on issues of energy scarcity, pollution costs, and nonrenewable resources, Goodman had nothing to say in *Growing Up Absurd*, but it is not hard to extrapolate from his views on technology or the standard of living to see what his position would be.

One reviewer of *Growing Up Absurd* cheerfully predicted that "in a few years the term 'The Organized Society' will be relegated to the limbo for the offspring of sociological journalism," while another prophesied gloomily that "we shall have to live with the system[;] . . . barring the industrial accident called war, several (perhaps many) generations will grow up absurd and like it, for they will be normal and well-adjusted." Both were right—that is, the phrase no longer functions as a rallying cry, not because it has been forgotten but because it has quietly entered the language. Perhaps this is as telling a way as any to characterize how *Growing Up Absurd* seems out of date. The deepest needs of our society are still those spelled out in its chapters—worthwhile jobs, relevant education, a reasonable standard of living (including the choice of decent poverty), public officials who do not lie or make one ashamed of being a citizen, sexual mores and family life compatible with human nature, a stable body of virtues and values that the culture can agree upon and inculcate in succeeding generations. If we now take these losses for granted, Goodman has nothing to say to us.

The appeal to traditional values was already old-fashioned thirty years ago. Today's university-based intellectuals have devoted a good deal of their lives in the meantime to "deconstructing" Western ideology and exposing the power relations on which its idealistic rhetoric is founded—though the theorists have hardly kept pace with yuppiedom, where prudence, thrift, fortitude, honor, and magnanimity are so many moldy figs. Goodman used to call himself Dutch Uncle to the young, and part of their thrill in reading him was the avuncular reminder that there was after all something to be proud of in the past—splendid ideas and works of art, stirring acts, glorious human beings. Much to deplore, too, of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

course, though it hardly matched modern achievements like television and the nuclear warhead. Indignation and hope were the feelings he roused in the young with his little thumbnail sketches of the history of technology or progressive education and with his insistence that you had to know something in order to do anything worthwhile. It is a shame that intellectuals have allowed this ground—the appeal to the grand in our heritage—to be taken over by slogan-mongers.

In a paragraph late in *Growing Up Absurd* Goodman quoted C. Wright Mills, whose sociology seemed typical of a kind of radical positivism that was wrong-headed:

> "The ideals that we Westerners associate with the classic, liberal bourgeois period of modern culture [said Mills] may well be rooted in this one historical stage of this one type of society. Such ideals as personal freedom and cultural autonomy may not be inherent, necessary features of cultural life as such."

Goodman resisted:

> This is like saying that tragic poetry or mathematics was "rooted" in the Greek way of life and is not "inherently" human. This kind of thinking is the final result of the recent social-scientific attitude that culture is added onto a featureless animal, rather than being the invention-and-discovery of human powers. This is effectually to give up the modern enterprise altogether. But we will not give it up. New conditions will be the conditions of, now, this kind of man, stubbornly insisting on the ideals that he has learned he has in him to meet.

The organized system, according to Goodman, was the latest attempt to reduce nature and character to status and role—and not only in the United States, where corporate capitalism controlled the means of "socializing" and "communicating" in order to create well-adjusted producers and consumers of ever more standardized commodities, but also "in the highly organized political industrial systems of Germany, Russia, and now China," where "it has been possible in a short time to condition great masses to perform as desired." *Growing Up Absurd* was Goodman's answer to this view of human nature as indefinitely malleable: "You can't teach people some things or change them in some ways, and if you persist, you're in for trouble. Contrariwise, if you *don't* provide them with certain things, they'll fill the gaps with eccentric substitutes."

The sixties certainly proved him right. Perhaps the recent events in Eastern Europe and China cannot yet be assessed in terms of their outcome, but they, too, argue that Goodman understood the limits of organized power to adapt human nature to *any* social order. As for the United States, there is plenty of evidence that socializing techniques don't work for everyone—witness the growing population of our jails. The particular manner in which the symptoms emerge was not so important to Goodman. He knew that the disaffected young of 1960 were "transient" phenomena. "It is not an interesting question whether or not our present Youth Problems are fundamentally different from those of other times, whether or not they will blow over; whether the Beats are a fad and the Delinquents no worse than in 1850. What I have tried to show, rather, is this: that such problems, by their form and content, test and criticize the society in which they occur." In 1990 the alienation and anomie take other forms, so that an analysis of beats and delinquents no longer seems very helpful, but Goodman's larger argument still applies:

> Every profound new proposal, of culture or institution, invents and discovers a new property of "Human Nature." Henceforth it is going to be in *these* terms that a young fellow will grow up and find his identity and his task. . . .
>
> Modern times have been characterized by fundamental changes occurring with unusual rapidity. These have shattered tradition but often have not succeeded in creating a new whole community. We have no recourse to going back, there is nothing to go back to. If we are to have a stable and whole community in which the young can grow to manhood, we must painfully perfect the revolutionary modern tradition we have.
>
> This stoical resolve is, paradoxically, a *conservative* proposition, aiming at stability and social balance. For often it is not a question of making innovations, but of catching up and restoring the right proportions. But no doubt, in our runaway, one-sided way of life, the proposal to conserve human resources and develop human capacities has become a radical innovation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Since its first publication *Growing Up Absurd* has never been out of print, but one would hardly say there has been any demand for it since Goodman's death almost twenty years ago, nor is it easy to imagine any sudden flowering of interest in him as part of the nostalgic resuscitation of the sixties now underway. If Goodman's name has dropped out of consciousness, I think this means that he never served very well as a commodity, and that his work resists cooptation even as heirloom politics. His celebrity was a peculiar one: he was a brilliant talker; yet his platform presence was anything but charismatic, and his public manners were such as to keep him out of the mass media—he was liable to ask the talk-show host how he could stomach his job. This emphasis on the here and now could be electrifying, but it depended on his actual presence, the literally hundreds of campus appearances he made. "Appearances" is itself a media term and distorts the situation. When Goodman went to Berkeley or Michigan State or wherever it was, he usually managed to cause trouble; he did not come to autograph copies of his latest book. Moreover, the movement that he was part of, although it had its intellectual side, was not a theoretical one, and the ideas that he brought to it did not require packaging as books and articles in order to spread. It was said that every student activist in Berkeley had a copy of *Growing Up Absurd* on the shelf, but few had read it cover to cover. Nonetheless, those were the ideas on everyone's lips.

Many of those ideas are now part of common knowledge and experience, as they were from the start part of common sense. They were never his creation or property—they were truths of human nature, traditional wisdom remembered at a moment of impasse, attitudes necessitated by our crisis. I am thinking, for example, of Goodman's anarchist call for decentralization and local autonomy based in community life; his urging a more livable balance of urban and rural values; his reminder that technology properly belongs under the jurisdiction of moral philosophy and not the R&D teams of the corporations or the Pentagon; his critique of the lockstep educational system and the art-killing mass media devoted to a wasteful, venal standard of living. Although we cannot say that such ideas have now won the day in any practical way, they are surely part of our truth, and Goodman one of our guides to making it practical. □

To Our Contributors:

A few suggestions:

(1) Be sure to keep a copy of your ms—the mails aren't always reliable. And please remember that we can't return articles unless they're accompanied by a stamped, self-addressed envelope.

(2) Please don't write to ask whether we're interested in such and such an article—it makes for useless correspondence. Look at our last few issues to see if your idea fits in. Or take a chance and send us your article.

(3) Type your ms *double-spaced*, with *wide* margins. Check all your figures, dates, names, etc.—they're the author's responsibility. No dot matrix submissions, *please*.

(4) Notes and footnotes should also be typed double-spaced, on a *separate* sheet. As we're not an academic journal, we prefer that they, wherever possible, be dropped altogether or worked into the text.

(5) We're usually quick in giving editorial decisions. If there's a delay, it's because a few editors are reading your article.

(6) Please bear with us—we have accumulated quite a backlog of material, and you may have to wait for a few issues before you see your article in print.

THE EDITORS □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Gus Tyler

GLUT, SON OF MARKETS

A Recurrent Problem of Capitalist Society

Glut is the four-letter word that has plagued capitalism from the moment of its birth. It is an endemic disease that turns epidemic when ignored. It started several centuries ago in Europe. Today it is global, threatening the economic and political stability of the world.

"Glut" is a malady peculiar to a "market economy." It did not exist in feudal systems. In those societies, production was carried on for a defined body of consumers—the lord, his retinue, the people working the manor—with some surplus for exchange. Economic crisis arose out of scarcity—a natural disaster, poor harvest, war, locusts. It was not until capitalism appeared on the scene, with its production for an abstraction called "the market," that plenty became a recurrent plague.

The great economic problem for precapitalist societies was scarcity: how to produce enough to meet the needs of the masses or the greed of the masters. The great economic problem for capitalist societies has been plenty: how to cope with a simultaneous glut of capital, goods, and people.

The problem was perceived long ago. In the closing years of the seventeenth century, French economist Sebastian le Prestre de Vauban posited the obvious: a market economy is in trouble if it does not have a market. What is produced, he stated, must be consumed.

> If this does not happen, [hardship will ensue]. It is neither the inclemency of the air, nor the fault of the people, nor the sterility of the earth to which we must attribute the cause. . . . The cultivation of the soil becomes not only useless but ruinous to proprietor and worker, [on] account of the costs that they are obliged to bear if, for want of consumption, the products that they extract from their lands remain with them and sell not at all.

Thus, some three hundred years before Keynes, a French economist warned that in the absence of what Keynesians call the "propensity to consume," a market economy will waste away, stricken by plenitude, gorged with glut. A contemporary of Vauban, Pierre le Pesant, Sieur de Boisguillebert, likewise noted a recurrent circumstance that paralyzes "all the country's limbs and makes it miserable in the midst of an abundance of all sorts of goods."

Vauban and Boisguillebert did not attribute these "crises" to the economy per se but to actions of governments and malevolent souls whose stupidity or cupidity knocked a perfectly designed order out of whack. The lapse from economic grace was due to overtaxation by government or overpricing by monopolists who thereby disrupted the "harmony ordained by a superior Providence." For this sacrilege, the nation was punished. Nature, "jealous of these operations, revenges herself forthwith by a general confusion, at the moment when she sees that, for a foreign intermixture, we challenge her lights and the wisdom of her operations." The proposed solution was, in the now famous words of Boisguillebert, *"Qu'on laissez faire la nature."* (Let nature do its shtick.)

About a century later, the "dismal" scientist, Robert Malthus, took time out from his lifelong worry about too many people in relation to the land to note that there was too much production in relation to the "means of distribution." In his words:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

> The powers of production, to whatever extent they may exist, are not alone sufficient to secure the creation of a proportionate degree of wealth. Something else seems to be necessary in order to call these powers fully into action. This is an effectual and unchecked *demand* for all that is produced. (Emphasis added.)

From this premise, Karl Marx was to conclude in later years that the solution was for the workers to enjoy the full fruits of their labor so they could provide the necessary "demand" to consume the potential output. Malthus reached an opposite conclusion. It was necessary and desirable, he maintained, to have a wealthy leisure class—nonproductive—in society, a bevy of big spenders who would provide the market for the market economy.

Where Marx turned to the proletariat to be the savior, Malthus turned to the landed nobility, a leisure class with the necessary income to indulge its expansive appetite and its expensive tastes. (Not surprisingly, Keynes thought Malthus was on the right track. All that was required was a do-good welfare state to replace a ne'er-do-well aristocracy.)

In modern times the theories of the early French and later British economists about glut are restated in terms of "overproduction" or "underconsumption," two variants of the same concept. For many years, however, orthodox economics maintained that there could be no such thing as a glut.

Among the first to state the proposition was, again, a French economist, Jean Baptiste Say. Supply, he said, creates its own demand. Indeed, by his definition, supply was demand.

A market economy, he reasoned, involves an exchange of goods. (Money is just a convenient way of making the exchange, the grease—as it were—in a barter.) The maker of shoes comes to the market demanding something in return, like a shirt. And vice versa, the shirtmaker comes demanding shoes or a bottle of wine. Ergo, every product that is made (the supply) is automatically a demand for some other product. So, there can never be such a thing as overproduction—in a general sense.

Say would admit that some particular commodity might be in oversupply. But, once the price of such a commodity fell, production would fall off and things would get back into equilibrium. But general overproduction or underconsumption was impossible.

How then did Say account for the glut that was paralyzing one country after another? He did it in the manner of any brilliant rhetorician. Consider his reply to Swiss economist Jean Charles Leonard Simonde de Sismondi, a contemporary who attributed the glut that was afflicting country after country to a maldistribution of income. In his *Nouveaux Principes d'Economie Politique,* Sismondi wrote:

> Europe has in every part arrived at the point of possessing industry and manufacturing power superior to its wants. . . . We see on every side proofs of the superabundant production which exceeds consumption; of the manufacturing industry which is proportioned, not to the demand, but to the capital employed: of that mercantile activity which impels the merchants in crowds to every new market, and exposes them in turns to ruinous losses.

Unable to find a market at home, the "great manufacturing power, England," shipped its wares to "Italy in a proportion so far exceeding demand, that the merchants, in order to realize even a part of their capital, have been obliged to dispose of them at a loss of a third or a fourth." Failing in Italy, the wares "flowed upon Germany, Russia and Brazil, and soon found in these countries similar obstacles."

Nor was the United States exempt. "From one extremity of that vast and prosperous continent to the other, there is not even a village where the quantity of merchandise offered for sale is not infinitely superior to the means of the buyers. How does it happen," asks Sismondi, "that philosophers refuse to perceive what meets the eyes of the vulgar in every direction?"

This indictment of the system—its inability to balance demand with supply—was not unknown to Say. Indeed, the above passages were quoted by Say in a letter to Malthus in which Say addresses himself to the rhetorical question: "What is the cause of the general glut of all the markets in the world, to which merchandise is incessantly carried to be sold at a loss?"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Say's reply to Sismondi is a paradigm of the intellectual enchanted by fantasies of his invention. If British goods languish in Italy, he says, that is not due to overproduction by England but to underproduction by Italy. If the Italians were more productive, they could offer their wares—"oils, silks and raisins"—in exchange for British manufactures. Say built his theories around an imaginary economy of barter where the producer was also the seller. In such a case, the producer did indeed enjoy the full fruits of his labor and was in a position to provide a market for what was on the market. But the modern market (capitalist) economy does not work that way. The producer (the worker) is not the seller; his or her employer is. The worker's share of the income is what his or her employer gives him or her as wages.

The inclination—perhaps compulsion—of a prudent employer is to keep the wage as low as possible, to hold down costs, and to realize as great a profit as possible, to accumulate capital to build the business. Since the "master" is in a far better position than his employees to determine how the company's income shall be divided, he generally is able to accumulate capital far faster than his employees are able to raise their wages.

Inevitably, the capacity to produce outraces the capacity to consume. The result? A general glut.

In the United States, the pest of glut was not unrecognized. Among the first to discuss it was Alexander Hamilton, who in his *Report on Manufacturers* (1791) addressed the question of how to cope with agricultural glut. Should the United States remain a nation whose economy rested exclusively on agriculture, he reasoned, it would face a precarious future, since it would have to depend on foreign consumers.

> It is evident that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to the steadiness or fluctuation, adequateness or inadequateness, of the *markets* on which he must depend for the vent of the surplus which may be produced by his labor. . . . For the purpose of this vent, a domestic market is greatly to be preferred to a foreign one. (Emphasis added.)

What would happen, Hamilton worried, if some foreign consumer of America's agricultural output were to exclude our exports for political reasons or would not need our exports because it had its own bountiful harvest? Such a circumstance "would occasion a glut in the markets" of the supplier—that is, in the United States. Therefore, reasoned Hamilton, America should develop its own manufacturing sector, populated by people who would provide a "vent" for any threatening "glut."

Hamilton recommended specific steps to speed the industrialization of America. The first of these was "protecting duties, or duties on the foreign articles which are the rivals of the domestic ones intended to be encouraged." Within a few years, Congress took Hamilton's advice and enacted a tariff. The impetus came from northern manufacturers. An outcry came from southern agriculturalists. The prices on their products—such as cotton and tobacco—had been falling. Now, with a tariff on manufactured goods, the South would have to pay more for products coming out of the North. They felt doubly squeezed: declining income and rising cost of living. They decried the new "Tariff of Abominations." South Carolina refused to respect the law in its Acts of Nullification. The seeds of secession were beginning to sprout.

James Madison, a southerner with broad vision, concluded that the South was suffering not because of the tariff but because of "the inevitable effects of a market equally glutted with the products of the land and the land itself." Consumption (demand) was not keeping up with production (supply). America was blessed (cursed) with too much rich land worked by an industrious people who could not find a market for their output.

While Madison saw the problem in "agricultural" terms, the Mechanics' Union of Trade Associations of Philadelphia (1827) saw the same problem through the eyes of the urban worker:

> No greater error exists in the world than the notion that society will be benefitted by deprecating the value of human labor. Let this principle (as it is in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

> England) be carried towards its full extent, and it is in vain that scientific power shall pour forth its inexhaustible treasures of wealth upon the world. Its products will be amassed to glut the overflowing storehouses and useless hoards of its insatiable monopolizers, while the mechanic and productive classes who constitute the great mass of the population, and who have wielded the power and labored in the production of this immense abundance, having no other resource for subsistence than what they derive from the miserable pittance, which they are compelled by competition to receive in exchange for their inestimable labor, must begin to pine, languish, and suffer under its destructive and withering influence.

The declaration goes on to describe the way in which the misery spreads to other classes. "The middling classes, venders of the products of human industry, will begin to experience its deleterious effects," and, "at last, the contagion will reach the capitalist. . . . And his capital will become useless, unemployed, and stagnant." The Philadelphians, about to launch the first Workingmen's party in America, were speaking from experience. They had gone through the Depression of 1819. They had witnessed poverty amidst plenty, with the galling thought that they were suffering poverty because of plenty.

Twenty years later (1847), in *The Communist Manifesto,* Karl Marx noted "the commercial crises that by their periodical return put the existence of the entire bourgeois society on trial, each time more threateningly. . . . In these crises there breaks out an epidemic that, in all earlier epochs, would have seemed an absurdity—the epidemic of overproduction."

In the three hundred or so years since Boisguillebert noted the recurrent glut that paralyzes "all the country's limbs and makes it miserable in the midst of abundance," pundits and politicians have looked for a way to avoid the dread social disease. Three cures have been tested: colonialism, communism, and Keynesianism. The first two have failed, and the third is likely to fail unless recast for a globalized economy.

The colonial solution, successfully pioneered by Great Britain, was to export the glut. Capital was exported to the colonies for their development; manufactured goods were exported in exchange for cheap raw materials; people were exported, as indentured servants to America or as prisoners to Australia.

The British "solution" was quickly copied by other great powers: France, Holland, Spain, Portugal, Belgium, all found a vent in their colonies to relieve their glut. A "solution" had been found—if only the planet would expand to accommodate these powers' needs for a vent. But it didn't. So the empires collided in the First World War.

War was a "solution," of a kind. It "consumed" capital, goods, and people. In the decade following the war, the great powers (at least those who won the war) enjoyed prosperity. But the joy born out of war was shortlived. In 1929 came the Great Depression. Glut was back.

The communist version of the Marxist solution has also been put to the test. It has failed. The initial idea was logically and arithmetically sound. Without a capitalist class, workers would get the full fruits of their labor. Consuming what they produced would eliminate glut. Q.E.D.!

But as practiced in communist states the experiment proved to be a political and economic disaster. Ownership of the means of production and exchange by the state meant that all power was centralized in the party and, within the party, in the party boss. Then, as Lord Acton had noted, "absolute power corrupted absolutely," giving rise to a new ruling class, the nomenklatura.

In this sort of politicized economy, rewards depended not on what you did but on whom you knew. "Pull" was more important than productivity. There was no personal incentive to do more, to do better—to do anything. In time, the egalitarian ideal of sharing equally came down to divvying up the hole in the bagel. The rest is history.

The third solution—variously labeled Keynesian, social democratic, liberal, mixed economy—seeks to mate the capitalist mode of production with the socialist ideal of distribution. It grants that capitalism is, as Marx put it, a system that "has created more massive and more colossal productive forces than have all preceding generations together." Capitalism is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

productive—indeed, too productive for its own good, unless it finds a market for its wares. To attain an appropriate market, there is need for a public presence—government—to arrange a more equitable and efficient distribution of income.

Since the great trauma of the 1930s, every major industrial democracy has tried in its own fashion to strike a balance between public power and the private sector, so as to achieve a balance between the propensity to consume and the capacity to produce. Sweden does it in its own "socialist" way; Britain does it in its own "conservative" way; the United States does it in its nondescript way; Japan in its neofeudal way. But they all do it.

Has it worked? So far, by the test of history, yes. Since the Great Depression, there has been no major recurrence of what was once a predictably recurrent disease. The Second World War was undoubtedly in part responsible. But that vent for glut was closed almost a half century ago and the smaller wars since were too small to do the trick. Apparently the middle way—capitalism with a socialist conscience—has worked.

A key to a market system with a social soul is the authority of the sovereign (the state) over the individuals and institutions, citizens and corporations, that live in and operate from its (the sovereign's) turf. That supreme authority has to be exercised with care if the ever-delicate balance between public and private interests is to be maintained. But the power of the government to speak for the nation, "the people," must be there.

For several centuries, it was simply assumed that the state had such power. Sometimes it was abused; sometimes it just was not used at all to restrain businesses, which led to other kinds of abuse. In recent years, as suggested above, it has been used with more or less thought and with more or less positive results.

It is doubtful, however, whether the necessary balance between public and private interests can be maintained in the future as global corporations decouple themselves from nation-states. In both their operations and their ownership, megacorporations are going global. They belong to no sovereign, since ownership is in the hands of shareholders and directors from many nations. Their tentacles reach around the globe in search of cheap labor, low taxes, subsidies, raw materials, proximity to markets in which they can sell at protected prices. Highly mobile, they can—and do—threaten governments, demanding that public policy be shaped to meet their need or greed—or else! Some years ago, Raymond Vernon, prophetically anticipating this development, wrote a book entitled *Sovereignty at Bay*. An updated rewrite might well be entitled *Sovereignty in Decay*.

The delicate balance between public and private interests is being upset. Almost daily the weight shifts to the corporate side. The ultimate consequence, if present trends are not reversed, is very likely to be a return of that characteristic malady—*glut*.

Capital moves easily and instantaneously across national lines. At present, such movement is twenty times as great, dollarwise, as the movement of goods. With this kind of freedom, why should a prudent and profit-minded corporate board of directors, made up of nationals from many lands, continue its operations in a high-cost country, paying the price for civilization in the form of laws affecting minimum wages, social security, accident insurance, health and safety, environmental protection, and fair employment, when the same corporation can operate in other lands without these burdens? The obvious shift would be from high-wage to low-wage countries, from countries with good social benefits to those with bad or no social benefits, from countries that encourage or allow unions to countries that discourage or don't allow them.

In the process, a global redistribution of income takes place, with average global wages falling as jobs are transferred from better paying to poorer paying areas of the planet—a descending spiral without a bottom as jobs are once more exported to still lower paying areas once wages begin to rise in the recently favored region.

The rise of global corporations that are stateless, faceless, and—by definition—soulless is not due to the malevolence of the bourgeoisie. The economy has been restructur-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing itself in response, as Marx would have noted, to changes in the means of production. Revolutions in transportation, communication, material handling, and data processing have made planetary operations possible and, therefore, inevitable. To survive and surpass in a worldwide competition for the market, every major producer is obliged to produce where it is cheapest to do so.

In this respect, modern capitalists are no different from their ancestors in the days of Dickens—with one difference. In those days, the manufacturer had his way because he ran the state; now, he gets his way because he runs away from the state. The result is the same: a polarization of income that could be the prelude to another 1929. Capacity for production expands exponentially, especially as countries and corporations fight for a share of the market. But capacity to consume, worldwide, does not keep up. Two-thirds of the people on this earth are a nonmarket, full of desires but without dollars. Most are in the Third World, but millions live Third World lives in the "First World." As countries and corporations compete for this limited market, matters get worse; by lowering overall wages, they lower overall consumption, further limiting the market for their expanded production. It's the "tragedy of the commons" all over again; each global corporation does what is best for itself here and now, and by doing so does what is worst for all in the near future.

The entrance of East European countries into the market economy will not make matters easier. To get going, they will need markets—external markets, whether they be in the United States, Japan, or Australia. In the first place, this means still another corps of competitors for the same limited (shrinking?) market. The foreign capital that pours into East Europe may seek to use this new source of relatively skilled cheap labor to run the advanced machinery of the West. The global corporations that move in to do this, some of them American-based, will be trying to penetrate existing markets. Inevitably, a country like the United States will face even tougher competition than in the past for overseas markets and will even find its domestic markets endangered.

Is there any way, then, to bring some order to this coming chaos? Yes, but only if governments act to reassert the public interest over private profit.

If their action is to be realistic, they must do what has to be done in the short run to survive, what they can do in the middle range to prepare for the long haul, and what they should do in the long run to ward off glut.

For the short run, there is very little that most nations can do solo. The global currents are too strong. The United States is probably the exception to the rule, because in a world economy that is market dependent, the United States is still the great market for the wares of the world. America's buying power is its strongest weapon. The United States can still dictate terms to global corporations (perhaps "negotiate" is a more acceptable word) by denying entrance into the American market unless certain minimum standards are met.

For the middle range, ad hoc arrangements could be worked out among sovereign powers to deal with their corporate counterparts as equals, at least. Europe is headed that way for 1992. For the long run, a political instrument has to be constituted to play the role internationally that governments in the last half of the twentieth century tried to play vis-à-vis domestic corporations in order to achieve a safer and saner distribution of income. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

David Moberg

MARKETS IN THE CASINO ECONOMY

Some Hard Realities of Power

In the eighties, the idea of the market triumphed. From Reagan's America and Thatcher's Britain to the crumbling economies of the Soviet bloc, the "market" became a mantra for all occasions. Chanted long enough it would bring freedom, choice, prosperity, and a ready solution to all pressing issues.

"Real existing markets" resemble the markets of theory about as much as what some called "real existing socialism" in Eastern Europe resembled the ideals of Marx's 1844 manuscripts. The ideologues' solution for faltering real markets was always purer, less contaminated markets. Under the cloak of defending markets, a broader agenda came along: government is bad (or at best incapable of doing much good); unions are bad; regulation is bad; private property rights are paramount; and greed is good.

The most fundamental objection to market fetishism is simple: even if markets somewhere resembled their theoretical model (and they don't), even if that model did not have inherent limitations (it does), societies—including so-called "market societies"—cannot be reduced to markets. They involve other institutions (churches, for example), other values (justice, equality, community stability, cultural tradition), other forms of relationship (families and friendships), and other means of making decisions (political democracy) that at times clash with the market.

Defenders of the market's formal efficiency are forced into circular arguments about what it finally delivers. Whatever the market dictates must be right, they assert, and any tinkering will upset its perfect mechanisms; they admit no other standard of measurement. But people quite naturally have other standards by which markets or any social institutions are rightly judged: for example, their personal happiness, their ideas of a good society, and the well-being of the natural environment.

In advanced capitalist countries the pro-market enthusiasm is complex. Political scientists have long recognized that blue-collar Americans, for example, support specific public policies that restrain private economic power and the dictates of the market while retaining a belief in "free enterprise." But in general the new market enthusiasm seems related to two different developments that gave strength over the past two decades to politically conservative movements. First, since the early seventies, the relatively stable economic order established by the Bretton Woods agreements after World War II has unraveled, and at the same time there has been a growing internationalization of the capitalist economies. It has brought with it an increasing domination of the international economic order by transnational corporations, banks, and other private institutions.

The growth of transnational economic power and of international market forces, such as currency markets, swamped governmental regulation of national economies. This weakened nationally oriented economic strategies for economic stimulus or regulation. The least affected countries were those that already had well-developed coordination among major institutions (government, business, and, sometimes, labor in a "corporatist" alliance) and a strong export orientation (Japan, Germany, Sweden). Others, like the United States,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

suffered more from stagflation and the social conflicts exacerbated by these forces.

The disruptions of the world economy in the seventies provoked different reactions among business executives and the rich. In the two declining world powers, Britain and the United States, the market counterattack was fiercest. The appeal to markets was not, however, based on some deep-seated commitment to Pareto optimality (markets under a condition such that no change would make everyone better off) or more efficient service of consumers' needs. It was basically a raw bid for unrestrained power for the wealthy and for managers of corporations and financial institutions.

This was a reminder that in practice market relationships are at least as much about power (starting with the unequal power of employers vis-à-vis workers) as about exchange of goods. And those power relations frequently undermine and distort the freedom, choice, and reward for individual initiative that the market ideally promises.

In many ways the Reagan-Bush regimes may be described as antigovernment, antiworker, and prowealthy as much as promarket. Their abandonment of antitrust enforcement undoubtedly weakened competition, and their niggardly support of education and worker retraining arguably made labor markets much less efficient. Clearly there was also a slavish deference to private decisions in the market, a shredding of the welfare-state safety net, hostility to unions, deep cutbacks in already declining public infrastructure spending, retrenchment of spending for research and education, relaxation of regulation, and support for privatization of government. There was a knee-jerk support of free trade (contradicted in practice by a growing hodgepodge of restraints) and opposition to anything that smacked of industrial policy or public planning.

Obviously there are potential alternative strategies that still rely on markets but in a much different framework; they might even make better use of markets by relying on them less.

In broad terms, this conservative, market-oriented approach—buttressed by tax, monetary, and fiscal policies—resulted in a radical increase of inequality in both income and wealth. (The top 1 percent of the population claimed about 8 to 9 percent of income reported on tax returns for several decades after World War II, but from 1981 to 1986 its share jumped to nearly 15 percent.)

Second, this approach accelerated a shift away from long-run investment and encouraged financial speculation at the expense of manufacturing. While the share of manufacturing in the U.S. Gross National Product slipped (and if manufacturing resulting from the military buildup were properly factored out, the decline would be greater), the financial market frenzy increased. Through the sixties and early seventies, fewer than 20 percent of all shares were turned over annually on the New York Stock Exchange, but two-thirds changed hands each year in the mid-eighties. That figure doesn't count the added activity in financial futures, options, and other financial instruments.

Third, the antigovernment, promarket strategy undermined public welfare while increasing systemic inefficiencies (poverty-related social problems, poorly trained workers, declining infrastructure, rising health costs, and declining medical care) that added new burdens on individual citizens, private business, and state and local government.

Although, after a deep recession, these "free- market" policies resulted in a comparatively long peacetime expansion, employment did not grow as rapidly as in many past booms, and it was heavily lopsided—producing predominately low-income and upper-income jobs. The boom in large part resulted not from the market-oriented policies per se, but from the federal budget deficit stimulus, which was heavily devoted to dead-end military spending rather than long-term productive public investment. The recovery was long but regionally very uneven and marked by an unusually high rate of bankruptcies, expansion of private debt, and a dangerous proclivity toward speculation (the savings and loan collapse being one of the more costly consequences so far).

It is difficult, if not impossible, to prove that these consequences flowed exclusively from the Reagan-Bush free-market orientation. Should the Federal Reserve's tight-money

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

policies, for example, be counted as being more "free market" in outlook than loose-money policies, since tight money had the support of most private financial interests, even though lower interest rates might have spurred manufacturing? In any case, we can look at a few market mechanisms to see how well they performed.

The wave of takeovers and mergers—valued at more than $1 trillion from 1980 to 1988—was hailed by many free-market ideologues as a vital new "market in corporate control." They argued that many corporate executives were inefficient managers who wasted money, depriving stockholders of their return on investment. Often they also claimed that the stock market greatly undervalued these corporations, making them targets for takeover.

But why didn't the discipline of the marketplace work its wonders and lead to the failure of these poorly run companies? And why didn't the stock market operate efficiently in valuing the companies? If both of these basic markets are so flawed, why should anyone expect a market in corporate control to work any better?

It hasn't worked better. Economists Walter Adams and James W. Brock conclude in their recent book, *Dangerous Pursuits: Mergers and Acquisitions in the Age of Wall Street,* "that merger-mania *undermines* efficiency in production, that it *obstructs* technological advance, and that it *subverts* international competitiveness." (Emphasis added.)

When the merger wave first started, some of the targets were modest underperformers. But contrary to the takeover rationale, increasingly the targets were relatively well-managed firms that were as profitable as others in their industries, Professors Edward Herman and Louis Lowenstein have demonstrated. Stockholders in the target firms usually profited from the big runups in stock prices; yet many of those shareholders were not longtime owners. They were recent speculators, arbitrageurs, and inside traders who smelled blood and moved in for the kill.

Stockholders in the acquiring companies typically lost as the profits of their companies declined in the years after acquisitions were made. Several substantial studies show either no clear gains or even losses in internal efficiency after takeovers. Herman, a professor of finance at the Wharton School of the University of Pennsylvania, argues that any "efficiency enhancement comes merely from willingness to be ruthless." Other studies show that a majority—as much as 70 percent—of mergers over the past several decades have been failures, especially the biggest mergers among the most diverse firms.

Most mergers, takeovers, and related leveraged buyouts—as well as the corporate defenses against them—involve saddling the corporation with huge debt. That often forces the new owners to sell off valuable parts of the businesses they've acquired (the "crown jewels") and makes the corporation more vulnerable when the next downturn comes. Yet takeover apologists argue that servicing the crippling new debt burden forces managers to be more efficient. Even if this were true (and the efficiency and profit studies suggest that it generally isn't), the argument on behalf of debt as discipline is an admission that competitive product markets either don't exist or don't provide the discipline they're supposed to under normal circumstances.

Instead, argues investment banker Malon Wilkus, the takeover process "destroys pension plans, sends jobs overseas, liquidates company assets rather than selling companies whole, attacks and busts unions, and in the whole process builds up debt so dramatically as to make it difficult for companies to compete."

The takeover debt has created a ripple effect of destructive consequences. Frequently, in the effort to trim costs, the ax falls first on research and development. In a survey of two hundred major corporations, the National Science Foundation found that research and development spending by companies involved in recent mergers or acquisitions decreased by 5.3 percent from 1986 to 1987 compared to a 5.4 percent increase for other companies. This obviously hurts the long-run prospects not only of the individual companies but of society as a whole.

Takeover debt has often precipitated mass

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

layoffs of blue- and white-collar workers, cuts in wages, reopening of union contracts, or spinoffs of businesses, producing the same effects. The debt has endangered the health and safety of workers and the general public. For example, Frank Lorenzo's heavily indebted Texas Air empire has been cited for failures to maintain airplanes adequately. And during the eighties, the nation's rate of occupational injuries reversed a previous downward trend. Failure to enforce federal laws or enact long-delayed standards—part of the Reagan market orientation—played a significant role, but Amalgamated Clothing and Textile Workers Union safety director Eric Frumin claims the major new threat to worker health and safety has been pressures resulting from mergers and takeovers.

Now, with the junk bond market very shaky and defaults rising (like that of Campeau Corporation, owner of two department store chains that previously had been quite healthy), the excesses of the takeover craze may threaten not only many big corporations but the banking system as well. Leveraged buyout loans, reported L. William Seidman, chairman of the Federal Deposit Insurance Corporation, now constitute over half of the equity capital of at least the ten largest multinational banks. Many pension funds are also in danger now because of declines in junk bond value and potential defaults.

Why did the takeover boom strike so hard? Certainly the tax deductibility of interest made it attractive to have taxpayers subsidize economic rapacity, but it appears that the main reason was that businesses did not see investments that they thought would make enough money to surpass either profit thresholds they had established or interest on financial instruments. With real interest rates rising after 1979 to three to four times their post–World War II peaks and with profits declining, the net return on capital started to exceed the real cost of capital in the early eighties, according to research by Brookings Institution economist Margaret Blair. "The discouraging climate for new investment has made it profitable for financial entrepreneurs to dismantle whole corporations, to siphon funds away from physical production, and to redeploy them in financial investments, such as government bonds, with high and safe returns," Blair wrote.

But with these conditions in place, the force behind takeovers became the dealmakers, arbitrageurs, speculators, attorneys, and empire-building executives, all driven more by vast egos and the prospect of very quick, very big bucks than by any conceivable economic rationality. They easily suckered in banks and institutional investors who preferred a risky and socially unproductive high-interest loan over the uncertainty of investment that might eventually advance industrial strength in manufacturing and new technologies.

Clearly many of the raiders and takeover apologists were correct in their indictment of a sluggish, unimaginative "corpocracy" that was feathering its own nest with fat salaries and outlandish perks. But their approach was like trying to reform a local city government by unleashing a motorcycle gang loaded on beer and crack. It might stir things up, but at a high cost and with unclear results.

Corporate management was already "managing its way to economic decline" by failing to plan and invest for the long haul, as Harvard Business School professors William Abernathy and Robert Hayes argued in 1980. In the eighties the trend to shortsightedness was exacerbated by the shift to financial manipulation that the takeover wave represented and by government's own shortsighted policies.

Takeover defenders argue vehemently that the whole point of business, as economist Harvey H. Segal states in *Corporate Makeover: The Reshaping of the American Economy,* is to "maximize present shareholder value." Shareholders are the owners, and anything short of maximizing their wealth amounts to misusing their investment and consequently undermining efficient market allocation of capital.

There are at least two rejoinders. First, some analysts—including some self-serving corporate executives—argue that large corporations have many "stakeholders" besides their share-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

holders: local communities, workers, suppliers, and customers, all of whom have invested their own lives or money in the corporation's business. The obvious question is whether there is any mechanism through which these stakeholders can make corporate managers accountable. (The obvious answer is: no, but there should be.)

Second, as Columbia University professor and former corporate executive Louis Lowenstein argues, the modern corporation's separation of ownership and management means that stockholders, in exchange for the right to easily sell their holdings, surrender some of the traditional rights of owners to the managers. In *What's Wrong With Wall Street?* he argues that "shareholders aren't the purpose of the game, industry is." The stock and financial markets were designed to permit businesses to raise capital and thus pursue long-run investment aims while stockholders were free to pursue short-term strategies. Now, however, even corporate managers have a short-term outlook. But that is worsened by the financial markets, which are increasingly dominated by big institutions, such as insurance companies, pension and mutual funds, and brokerage houses, that engage in high-volume, short-term stock trading. Workers and other stakeholders are likely to have much more of a long-range perspective on corporate welfare but little influence on investment.

The takeover craze exemplifies several problems of markets. First, markets often do not work very well. The stock market fluctuations bear little relation to changes in underlying values of the companies, for example, and the market for corporate control has done virtually nothing to redress inefficiencies of other markets. Financial markets especially are prone to speculative bubbles, and the great runup in stock values during the eighties while much of the underlying strength of business was sapped suggests that this bubble, too, will break. Much of the runup was a direct result of the takeover craze, which is unlikely to increase efficiency or profitability in the long run.

Second, markets at best simply apply pressure to business but have no clear effect on the internal governance and strategies. For example, competition on the price and quality of their products could have led many American businesses to emphasize research and development, investment in new manufacturing techniques, expanding and drawing upon the skills and knowledge of the work force, and improvement of quality as well as price competitiveness. Instead, it was more typical for U.S. businesses to blame and attack their workers, cut back on capital expenditures, move overseas (often to nonunion or low-wage sites), withdraw from one business and buy up another, and seek government tax breaks. Each strategy is compatible with "free markets." The second, less socially productive one, may even yield more short-term profit. But to leave the choice to corporate managers is to surrender social influence over the nation's economic future. The collapse of major corporations or of entire industries, like consumer electronics, is not comparable in effect to the bankruptcy of the corner florist who bought too many high-priced tulips.

Third, markets do not account for their spillover effects, or externalities, very well. Recently that's been most clear in the way the social costs of destroying the environment—such as potential global warming—are not counted on the business balance sheet. Damage to workers' lives, communities, and other businesses in chaotic upheavals of no redeeming worth aren't counted, either. Also, in addition to these negative externalities, there are positive externalities that are ignored. For example, more worker training and research can benefit the society as a whole, but businesses are loath to make such investments unless they can quickly recoup all the returns.

Fourth, the effects of the takeover wave raise a question that is always pertinent in competitive markets: What things are legitimately part of competition? Is it fair game to compete by degrading the environment or endangering the public or abusing workers? Left to its own devices, the market says, yes, by all means. Some competition, as economist Alec Nove argues, is constructive or at least benign, but other competition is destructive (the most destructive being economic competition that leads to war). But the market itself makes no such distinction. Although in theory consumers might respond to these destructive effects,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

often the costs are paid by someone other than the immediate consumer, the damage may be collectively great but small to any individual, and the necessary information may not be available.

Fifth, market relations are also power relations. Many of the takeovers were most hostile not toward incumbent management (who usually could bail out with golden parachutes), but toward workers. Frequently they simply represented a forceful means—backed by threat of bankruptcy or business liquidation—of wringing wage concessions and transferring wealth to bondholders.

Sixth, although competitive markets have their own intrinsic characteristics, they all exist in a broader framework. They are all at least structured in some way by governments, as Paul Starr has argued. All private property is ultimately a creation of society, which defines its rights and character through informal rules of culture or formal laws. Corporations, stock markets, bonds, tax policies, banks, and the other components of the market are defined by law. Consequently, the question is never whether government will simply step aside and let the market take its course. It can't. The issue is always how government will structure the market.

Beyond that, different political traditions and cultures affect how markets behave. Again, this reflects the broader realization that society consists of more than the economy and the economy involves more than market relations. The structure of financial institutions as well as political and cultural traditions accounts, along with specific government policies, for the relatively long-term perspective on investment typical in Japan and Germany.

Finally, the takeover wave shows how markets can be structured in ways that greatly emphasize short-term speculation at the expense of long-term investment. Keynes's observations in the *General Theory of Employment, Interest and Money* remain incisive. With the modern stock market, Keynes wrote, businesses are not irrevocably launched "as a way of life" with no "precise calculation of prospective profit," as individual entrepreneurs once did. Now stockholders can evaluate constantly fluctuating share prices, making precise comparisons with interest rates that can be earned elsewhere. That inevitably influences a decision on whether to buy an existing enterprise or launch a new one, Keynes noted. And the decisions about such businesses are more and more removed from daily operations, more influenced by a crowd psychology, and more oriented to the "fetish of liquidity"—holding easily saleable securities—rather than skilled investment hoping to "defeat the dark forces of time and ignorance which envelop our future."

Despite his commitment to capitalism, Keynes lamented that "investment based on genuine long-term expectation is so difficult today as to be scarcely practicable." The organized development of investment markets threatens to turn serious enterprise into a "bubble on a whirlpool of speculation," the kind of "casino" that *Business Week* feared the United States had become in the eighties.

"It is safe to say that enterprise which depends on hopes stretching into the future benefits the community as a whole," Keynes wrote. But he also concluded that "there is no clear evidence from experience that the investment policy which is socially advantageous coincides with that which is most profitable." As a result, he predicted, "I expect to see the State, which is in a position to calculate the marginal efficiency of capital-goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organizing investment."

But in the eighties, bowing to the free market, U.S. government expenditures declined for basic infrastructure, research and development, and education, some of the classic forms of public investment in human and physical capital. Related expenditures—housing, transit, reduction of poverty, job retraining—also were cut.

Much of what was spent was misdirected: instead of investing in research and development of energy conservation and alternative fuels, there were continued subsidies to nuclear power; instead of supporting a wide range of civilian high-technology fields, money was poured into Star Wars. Instead of "directly organizing invest-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment," government was largely hostile to any policy to strengthen important industries.

Ironically, public investments can pay off handsomely for private businesses as well as government. One dollar spent to keep kids in school reportedly saves $4.75 in later remedial education, welfare, and crime costs, with similar high returns for other investments in early childhood care, Head Start, the Job Corps, and other social programs. David Alan Aschauer, an economist with the Federal Reserve Bank of Chicago, shows that public investment in infrastructure is now more efficient for raising private profits than greater private investment. In other words, the productivity of public capital is greater than that of private capital. Better roads, for example, would reduce the repair and replacement costs for a private company's truck fleet.

The issue of who represents long-term social interests in investment has taken on a new dimension in the past decade or more: as major corporations become more transnational, who tends to the national economy? "I was asked the other day about United States competitiveness," NCR president Gilbert Williamson told the *New York Times*, "and I replied that I don't think about it at all. We at NCR think of ourselves as a globally competitive company that happens to be headquartered in the U.S." Multinationals have thrived while the domestic economy weakened. For example, the U.S. share of worldwide manufactured exports declined from 21.3 percent in 1957 to about 14 percent in the eighties. From the mid-sixties to mid-eighties the U.S. multinationals' share from their worldwide holdings gained very slightly, according to economists Robert E. Lipsey and Irving B. Kravis. And the National Science Foundation found that U.S. corporate research and development spending overseas grew nearly three times as fast as domestic R&D in 1988. This abandonment of their home bases may make sense for corporations in the global market, but it raises questions about how well the nation is served by unquestioning deference to the market.

There are many other areas where market-oriented policies failed tests of either economic or social performance in the eighties. Here are a few:

- *Privatization was a major free-market crusade of the eighties.* Unlike Western Europe, the United States had few nationalized firms to sell. But the federal government rushed to sell off Conrail, just as that public corporation had succeeded in transforming a bankrupt inheritance into a profitable, efficient rail line.

There were efforts, however, to turn over many traditional government services to private businesses on the grounds that market competition would reduce costs. But the record—such as the studies by Harry Hatry of the Urban Institute—shows that public agencies quite often outperform private contractors, who frequently gain much of whatever competitive advantage they have simply by paying and treating workers worse than government. Also, waste and fraud associated with government bureaucracies often persist or increase with privatization (examples range from the HUD scandals and traditional military contracting to big-city corruption over contracting parking meter collection).

- *Deregulation has been a major free-market initiative.* It reduced prices (although not uniformly and often to the disadvantage of poorer people) for airlines, trucking, and telecommunications. But after a period of competitive price-cutting, "the evidence is mounting," reported *Business Week* in 1986, "that a striking increase in concentration is starting to undermine these benefits." That is even more true today, especially with airline prices rising rapidly while service and competition have declined greatly. Larry Eichler of the *Philadelphia Inquirer* reported recently that, since deregulation, fares on most ticket classes have increased faster than general inflation or prior regulatory trends. The benefits to consumers of deregulation are fleeting, as businesses try—they always do—to confront competition by figuring out how to avoid it. But the market turmoil cost workers in the deregulated industries heavily in income, employment, safety, and quality of work life.

Deregulation of savings and loans, precipitated by new market forces and high interest

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rates that swamped old rules, obviously contributed to the virtual collapse of the industry. But as with big banks or corporations, like Continental Bank or Chrysler and Lockheed, there was widespread agreement that the public had to prevent a collapse of the whole system. There could hardly be a stronger recognition of the failure of free markets. Most defenders of the market reject the downside of market discipline except when it's applied to workers, farmers, and small businesses, and they reject any demands of social responsibility when they're profitable.

● *The cult of entrepreneurialism and small business, inspired mainly by Silicon Valley stories, has been an important part of the free-market crusade.* True entrepreneurial ingenuity and risk-taking represent capitalism at its creative finest. In computers and some other high-tech fields, small businesses have been the driving force of innovation, and the giants, like IBM, have often been technologically retrograde.

But the claims of small-business job creation have been exaggerated. Also, without adequate support, small, inventive firms often cannot sustain intense competition with large-scale manufacturers (witness the demise of many small chip makers in battle with Japanese giants).

Michael Piore and Charles Sabel, in their *Second Industrial Divide*, praise the small manufacturers of several European industrial districts that are able to compete internationally and adapt to a changing market by emphasizing continuous innovation and a skilled work force. Most depend on a high degree of cooperation, along with beneficial competition, and local governmental support. Their constraints on the most predatory opportunities in the market—such as preventing one large firm from taking over all the small workshops—lead to all the firms involved performing much better in the marketplace. Cooperation goes against the grain of the market ideologies, but it makes the cooperating firms more successful in the marketplace.

● *In the not-so-long run, it is clear that both because of limited fossil fuel supplies and the environmental damage from burning those fuels, alternatives must be found.* But the market has performed poorly. Partly the market does not price fuels to account for environmental depredation or depletion of nonrenewable resources. But studies show that households and businesses fail to take advantage of the best available alternative: increased energy efficiency. Typically both types of consumers fail to take lifetime costs into account and expect a payback on energy efficiency in one to two years—effectively a 50 to 100 percent return on investment.

Only government regulation worked to force U.S. automakers to come close to catching up with European and Japanese competitors in fuel efficiency. In parts of Europe and in Japan both government and corporate strategies tend to give higher priority to pushing energy-efficiency innovation, but U.S. businesses have failed to take the initiative even with technologies developed by U.S. researchers, such as energy-efficient compact fluorescent bulbs. During the eighties big corporations that had bought up solar energy firms in the seventies scaled back or dropped such efforts, and the federal government drastically reduced research. Now Japan has surged forward with photovoltaic cells, and a German firm last year bought the world's biggest photovoltaic producer, a company that had been acquired by Atlantic Richfield Oil Company in the seventies.

For a variety of reasons, then, the market is not on its own leading toward what is clearly the socially necessary—and ultimately quite profitable—energy technologies of the future or even adequately deploying what is rational today.

● *Except for South Africa, the United States is the only major industrialized country that still relies heavily on a private market in health care and insurance.* Compared to neighbor Canada, the United States devotes nearly half again more of its gross national product to health care but has worse overall health statistics and huge gaps in coverage (with 37 million Americans, nearly one-sixth of the population, not covered by any health insurance in 1987 and many millions more underinsured or suffering massive insurance cost hikes). Clearly the private market is working poorly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The examples of market failures to deliver what society needs in a fair and efficient way could be multiplied. Obviously one of the most crucial, continuing failures of markets is their inability to provide full employment under most circumstances. Also, our awareness of the limits of domestic free markets should heighten awareness of how much more poorly markets work at an international level. Expanded and open trade is generally good, but it must be managed to take into account other legitimate social interests and to permit smooth adjustments.

Because market failures impinge most heavily on the poorer ranks of society, who are politically disorganized, they do not register forcefully on government or in the market. When the more well-to-do must confront homeless people on the streets or crime in their backyards, or when corporate executives find bridges collapsing and their health insurance costs undermining their competitive position, then the issues get a little more attention.

Such critiques of the market do not mean that the alternative is some discredited model of central planning. What should be obvious is that markets are good, important tools. But societies must beware of the deception suggested by an old folk maxim: if your only tool is a hammer, you see every problem as a nail. There are other tools, including investment by nonprofit institutions, government, or quasi public agencies, and government regulation, to structure or influence markets or to provide planned alternatives where markets are clearly failing (such as in health care).

Markets can be made more efficient, just as government should be made more efficient and responsive to citizens, but unbridled competition is not always the answer. Competition should be channeled into productive ends, not financial speculation or devastation of workers and the environment.

Markets on their own push toward worsening inequality. Besides the hardship such inequity produces, it ultimately undermines the base of consumption for products on the market. Such inequality also skews the market: people with little money have no way of showing their needs as consumers. Such inequality is intrinsically undemocratic, even apart from the ways in which inequality heavily distorts political processes and power on behalf of the rich.

There seems to be no easy solution. Markets are both useful and necessary, but they are inevitably imperfect. They also cannot be relied on exclusively. The alternative is to try to organize them in ways that take advantage of what they do best: instituting responsive pricing, requiring marginal cost accounting, encouraging decentralized initiative and invention, maintaining competition, and providing consumer choice.

The final decision making cannot be left to the markets, however important they may be in creating choices. Contrary to the free-market "law and economics" theoreticians, justice means something other than the efficient operation of markets. Democracy requires markets, Lindblom argued, but it can also be subverted by the action of private markets. To effectively counterbalance the market, institutions of democracy must be made stronger and more amenable to direct citizen participation and control. Democratic control must be extended downward, with increased decentralization, but ironically also upward, with greater international cooperation.

This muddled mixture of institutions, often clashing with each other, may not resemble very closely utopias of either the free marketeer or many past socialists. Markets and nonmarket influences will continue to clash and to complement each other. But such a mélange is likely to be, with different balances, the real social arena throughout most of the world for many years to come. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

David Gordon, Samuel Bowles, & Thomas Weisskopf

AN EQUALITY-EFFICIENCY TRADE-OFF?

Challenging a Popular Notion

The following forms a brief excerpt from Making Democracy Work *by David Gordon, Samuel Bowles, and Thomas Weisskopf, printed here with the kind permission of the publisher, M.E. Sharpe & Co.*—EDS.

If we could afford a democratic economic program, both in fiscal and resource terms, wouldn't redistribution of income from the top to the middle and bottom throw cold water on people's economic initiative? Do we not need the stakes of economic success and failure to remain high in order for players to put everything they have into the game? Why would investors invest, inventors invent, and workers work hard if the winners win less and the losers lose less?

Economists are fond of referring to these objections to a more equal sharing of economic rewards as the "equity-efficiency" or "equality-efficiency" trade-off. More equality necessarily means less efficiency, they warn, and hence fewer goods to be distributed. A society must balance its desire for a more just society, it is claimed, against the conflicting desire for affluence. Once again, we are reminded, *no free lunch*. The equality-efficiency trade-off provides a ready justification for economic inequality—with its proposition that reducing inequality is too costly. But this proposition is a myth; it is illogical in theory and it does not prevail in practice.

Like many of the other notorious trade-offs of introductory economics, this notion depends on the assumption that we are already using our productive resources in the most sensible way and that, as a result, the economy is a zero-sum game—more of something means less of something else. But there is an obvious path toward transcending this "zero-sum illusion": we can make changes in economic policy and institutions that would dramatically reduce waste in the economy. Given those changes, movement toward both greater equality *and* higher average living standards is possible.

Indeed, there is yet another flaw in the zero-sum illusion of the "equality-efficiency trade-off." It is often the case that steps taken to promote equality may themselves directly contribute to making the economy work more effectively because many policies directly aimed at fostering equality would also boost productivity. Ending racial and sexual discrimination, for example, would also eliminate the talent waste that occurs when gifted individuals end up in dead-end jobs or are underemployed because of their color or gender. Guaranteeing a top-quality education to all would have the same effect. Increasing the extent of worker ownership of their workplaces would both enhance equality and reduce the extent to which resources must be allocated to workforce discipline—in the form of salaries of bosses and supervisors, for example—rather than to useful goods and services. Granting employment opportunities to all would increase equality as well as reduce both the poverty and social alienation that breed drug use and criminality and, in turn, divert significant

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

resources to the unproductive tasks of guard labor.

Moreover, although economists often think it obvious that greater equality will dampen the incentive to invest, they base their conclusions on partial and therefore misleading analysis. The after-tax profit rate does indeed have a strong influence on the level of investment. But the after-tax profit rate depends as much on the level of demand as on the tax rate and the wage rate—the variables most likely to affect negatively the after-tax profit rate in a democratic economy. The level of demand for consumer goods and services, in turn, is almost certain to increase from income redistribution to less affluent income groups (since less affluent groups spend more of their income on consumption). Further, the level of investment depends critically on the level of capacity utilization, independently of movements in the profit rate, and income redistribution is likely to foster higher levels of capacity utilization because it will stimulate demand for consumer goods.

These are analytic points. What about the evidence? Not surprisingly, given these critical observations about mainstream expectations, it is difficult to find evidence in the real world of the "equality-efficiency" trade-off. Indeed, one finds just the opposite: advanced capitalist countries with more equal distributions of income also display better economic performance—sustaining, for example, higher levels of investment and more rapid rates of productivity growth.

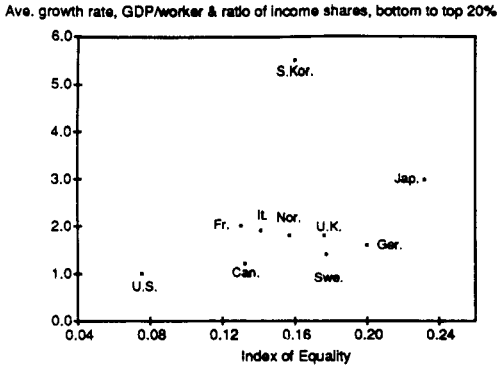
We illustrate this pattern by two indicators of comparative economic performance: the rate of productivity growth and the level of investment in the advanced capitalist countries for the 1979–87 period. By those measures, the United States ranked dead last among the "Big Seven" advanced capitalist countries plus Sweden.

If the "equality-efficiency" trade-off were correct, we would also expect that the United States would have one of the *highest* degrees of income equality among those countries, helping to account for its lackluster economic performance. Does it?

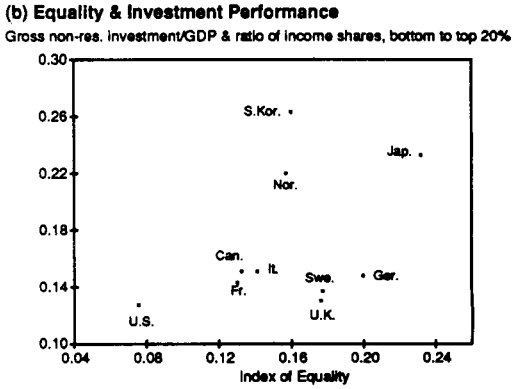
We measure equality by the ratio of the share of all after-tax income received by the least affluent 20 percent of households to that of the most affluent 20 percent of households. The greater the degree of income equality, the higher will be the relative share of the bottom fifth of the income distribution. And we add two more countries to our comparison in order to provide more examples of strong international performers (along with Japan): South Korea, which has recently leaped to the top of the charts in both productivity growth and investment performance, and Norway, which has boasted one of the highest shares of investment. This larger sample of countries enables us to sharpen our test of whether income inequality is one of the keys to buoyant economic performance.

The graphs below display the results of the comparisons, with Figure (a) mapping productivity growth against our equality index and Figure (b) comparing the share of investment with the same index of equality. We confine our attention to the 1980s, since this is a period

Is Equality Bad for Economic Performance?
(a) Equality & Productivity Growth



(b) Equality & Investment Performance



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in which many believe that the U.S. economy did fairly well and the logic of right-wing economics was put to the test.* Had we looked instead at the past thirty years, the graphs would not appear very different.

The graphs confound conventional expectations. Rather than having the highest degree of equality (to help account for its sluggish performance), the U.S. economy has decidedly the highest degree of *in*equality. In the United States, for example, the bottom 20 percent received 3.6 percent of after-tax income in 1977 while the top 20 percent received 47.6 percent; this results in a U.S. equality index of 0.08. In Japan, by contrast, the poorest 20 percent received 8.7 percent of after-tax income (in 1979) while the top 20 percent received 37.5 percent; Japan's equality index is thus 0.23.

More generally, an "equality-efficiency trade-off" would lead one to expect a *negative* slope to the pattern of points—falling down and to the right from countries with strong economic performance and low equality to those with relatively poor performance and higher equality. To the contrary, the pattern suggests if anything a *positive* slope.

During the 1980s, for example, productivity growth in France was twice what it was in the United States while equality in the United States was almost 50 percent lower than in France. More striking, equality in Japan was almost three times that of the United States and productivity growth was five times greater. The institutions and policies that promote equality also appear to promote productivity growth.

An investment-equality trade-off similarly fails to materialize. Norway invests almost twice what the United States does in proportion to its gross domestic product, yet the U.S. income distribution is only half as equal. South Korea invests well over twice the U.S. proportion, and its income distribution is also twice as equal as that of the United States. Like productivity, investment may benefit from more rather than less equality.

The message is clear: greater equality can potentially boost economic performance. We are therefore encouraged about advocating democratic, egalitarian, and cooperative economic policies. □

* In choosing a year in which to measure income equality, we tried to select a year, given the available data, toward the beginning of the 1979–87 period for which we are measuring economic performance. If we had measured income equality at the *end* of the period, we might have found a positive relationship between equality and economic performance but this might simply have meant that rapid productivity growth and high levels of investment promote income equality, not the reverse. As much as possible, we wanted to test for evidence that equality promotes or impedes economic effectiveness and not the other way around.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Harry C. Boyte

THE GROWTH OF CITIZEN POLITICS

Stages in Local Community Organizing

The past decade dramatized questions of popular participation in politics on a global stage—but with some irony. Just when millions of people look to America as inspiration for democracy, our own politics is a mess.

Problems facing America today require a level of public judgment and social change that can come only from widespread citizen involvement. Support for quality education; repair of our infrastructure; action on racial conflict, poverty, homelessness, drug addiction, and environmental degradation—all these seem unlikely to be addressed successfully by experts, professionals, or large-scale corporate or government systems alone.

Yet, while critics of various persuasions call for a revitalized citizenship, few people are listening. Declining voter turnout, declining interest in public service careers, little knowledge about how the government operates, the disengagement of the young from politics—all illustrate the erosion of public life.

Politics is seen as an arena of cynical electoral and interest-group competition—a means to narrow objectives. Or it is viewed as a morality play of exhortation and protest. Negative advertising alternates with ideological combat: prolife and prochoice, affirmative action, prayer in the schools, animal rights. People have scant experience of a "middle ground," where there is no eternal struggle between saints and sinners, but rather an interplay among interests, values, traditions, and ways of looking at the world.

Most strategies for citizenship education make for a moralized politics, pressing citizens to "put aside" their self-interest in behalf of some hypothetical common good. For instance, William Sullivan, a neorepublican theorist who coauthored *Habits of the Heart,* contrasts liberal concepts of citizenship with what he terms "commonwealth" ideals. "The notion of citizen is unintelligible apart from that of commonwealth," writes Sullivan. "Both terms derive their sense from the idea that we are by nature political beings." For Sullivan, commonwealth means an almost unbounded "covenant morality" where "as citizens we make an unlimited promise to show care and concern to each other." Such a "way of life," in his view, is "possible only when the members of a community trust and respect one another," in "mutual commitment to a common good."

But in the real world where people struggle to pay their bills, this language comes across simply as rhetoric. Neorepublicans hope for a level of trust and solidarity that does not and probably cannot exist.

In recent years, however, an alternative understanding—what might be called a citizen-based politics—has emerged out of a number of local initiatives. Citizen politics requires neither cynical manipulation nor civic virtue. It grows out of grass-roots networks that have discovered that working around local issues, while stressing the revitalization of public life, is a powerful way of sustaining commitments.

Public life is now seen as an arena of problem solving by groups with diverse interests, backgrounds, and values. This perspective draws on older populist traditions that had their bases in America's voluntary civic life. But it breaks with the classical republican view, which assumes that citizens should *forgo* personal concerns and wear the mantle of "civic virtue" when entering the public realm.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

While public is here distinct from private life, the two exist in a dynamic interdependence. This understanding reflects several decades of grass-roots action, as organizing strategies moved from a reliance on moral appeal to practices grounded in everyday concerns.

Participatory Politics and Civil Rights

The civil rights movement among African Americans resurrected participatory politics after the Second World War. Its themes have taken root in citizen groups today. However, it also cast politics in a protest language of good and evil, which still shapes mainstream politics. True, grave injustices remain. But an inflamed moral language cannot engage a citizenry with vast differences in moral traditions; and it is too one-dimensional for a world full of complexity and ambiguity.

The Citizenship Education program of the Southern Christian Leadership Conference (SCLC) and the related Freedom School effort by the Student Nonviolent Coordinating Committee, furnished a grass-roots base for a language of democracy as articulated by leaders like Martin Luther King, Jr. In the Citizenship Schools of SCLC, local leaders learned how to teach blacks to read and write in order to pass the arduous literacy tests that authorities used to disenfranchise poorer citizens. Citizenship Schools connected voting to a dynamic conception of public action. Organizers of the schools avoided academic approaches and treated students as peers who could come and go as they pleased, bring sewing to classes, or chew tobacco. They used as their primers documents like the Constitution, the Declaration of Independence, and the Bible. And the curriculum spanned an array of skills—how to register voters, combat illiteracy, and win government benefits for the poor.

Local communities across the South where African Americans discussed issues of the day revived a conception of politics as an interaction among equals. Participants saw the public as an informed critic of policy. Recalling civic movements like Lyceum and Chautauqua, this public was far different from the atomized consumers of information summoned by conventional politics and journalism.

The movement also drew on the idea of the public acting as direct problem solver, not simply judicious spectator. Such community action had roots in African-American tradition. It also recalled town meetings and the long history of voluntary activities from barnraisings and quilting bees to 4-H clubs and mutual-aid groups—community-wide mobilization around common problems. As twentieth-century society became more managerial and therapeutic in language voluntary groups shifted from problem solving to providing services for clients. Here, too, the civil rights movement renewed older themes by coupling citizen rights with responsibilities.

But there was no way to realize fully the democratic potential of the civil rights movement. Its power came from moral protest against the inhumanity of segregation. Organizers could mobilize communities to end segregation, but they simply did not know how to move to a second stage, building organizations through which poor blacks could seek power after the demonstrations ended.

Meanwhile, student activists on northern campuses were inspired by the civil rights movement's vision of "participatory democracy." But their political experience included almost no wisdom about how ordinary people might be organized for democratic action.

In the absence of democratic organizations through which to translate ideas of citizenship into political practice, the social movements of the 1960s increasingly adopted an inverted cold war demonology, turning the division of "Free World" and "Iron Curtain" into the purity of the movement opposing the "evil" of mainstream America.

In the beginning, moral dramatization was effective. Martin Luther King, Jr.'s "children of light versus children of darkness" electrified a national audience when the struggle was in behalf of the dignity of blacks. The antiwar movement successfully contrasted America's idealistic rhetoric with the brutality of Vietnam. But a strongly polarized language of moral politics worked less well in settings

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of greater complexity. In northern cities like Chicago, the racism of white ethnics was intertwined with class and ethnic conflicts. Issues like busing lacked the clear-cut fervor of a call to dismantle American apartheid. On campuses it was one thing to condemn the war; it was another to romanticize the National Liberation Front or to pose as innocent "flower children." As the 1960s proceeded, movement rhetoric became more extreme. Calls to "off the pigs" or relabeling the nation as AmeriKKKa replaced serious politics.

Highly polarized positionings continued through the 1970s and 1980s, as both left and right employed an inflamed moral vocabulary. The "Moral Majority" battled "Peace and Justice." Each issue became a theater for the righteousness of one's own side and the depravity of the other. The result is a politics that leaves scant room for engagement with other traditions. In mainstream politics one gets elected by portraying the utter corruption of one's opponent.

In microcosm, campuses today continue the pattern. They witness the dangerous rise of a tribalist conservatism that excuses racist, sexist, and homophobic expressions as legitimate reactions to left-wing "excess." Those who consider themselves "politically correct" (sometimes simply "PC") seem little interested in reaching the unconverted. Being politically correct entails a commitment to being "antiracist," "antisexist," "antihomophobic," as well as support for causes like abortion rights, opposition to American policy in Central America, and affirmative action. At just the moment when democratic values need skillful advocacy, the campus left embodies assumptions about what people *should* believe and how they should act in ways that make change or serious encounter almost impossible.

Issue Oriented Work at the Grass Roots

Off campuses, however, alternative political language and practices have slowly emerged over the past two decades. Still confined to local organizations, they nonetheless have considerable potential for achieving a citizen politics that engages large numbers of people.

In the early 1970s, organizing strategy at the grass roots shifted from moral appeals to a more practical focus on "issues" around which constituencies could be mobilized. Recent years have witnessed a proliferation of this kind of organizing.

Saul Alinsky was the main figure in this transition. He preached the need to "listen" to community traditions. But his emphasis gradually shifted, becoming more and more narrow. The idea of "self-interest," Alinsky's starting point for successful organizing, increasingly turned to particular issues around which low- and middle-income citizens could be mobilized: utility rates, taxes, insurance premiums, toxic waste, consumer ripoffs, and the like. By the end of his career, Alinsky ridiculed any larger discussion of values as ideological distractions. But his narrowness brought results: detailed techniques for citizen action have grown up around Alinsky's conception of self-interest, such as phone and door-to-door canvass and direct mail.

The scale of issue-based organizing is vast. Several thousand block clubs were formed in New York City in the late 1970s, working on projects that ranged from urban gardening to crime control. The National Commission on Neighborhoods found in its 1979 report that eight thousand large community organizations had appeared in the decade. Large national coalitions have been developed, such as Citizen Action, Clean Water Action, the National Toxics Campaign, ACORN, and National People's Action. More than a dozen training centers teach the principles of issue organizing.

This approach does not usually make the sweeping moral claims of the civil rights or antiwar movements or today's campus political warriors. Each issue carries its own logic, even its own political culture, often insulated from the others. But while effective in specific efforts, issue organizing cannot generate an overarching engaging view of public life.

In contrast, a third stage of organizing can be found in some citizen initiatives of recent years. They have shifted from a focus on particular issues to larger concepts that offer considerable resources for democratic politics. Most important is the concept of a public realm, distinct from but drawing on private life:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

people develop unique political capacities for dealing with the world of diversity and domination by experts and large institutions.

The concept of a human arena for all citizens has developed especially in community organizations associated with the Industrial Areas Foundation (IAF). Originally established by Alinsky, the IAF has grown considerably—it now has twenty-eight large associated projects—since his death in 1972, and its approaches have notably changed.

The first stage of IAF evolution came through a deeper appreciation for the human development that takes place in successful organizing. Ed Chambers, IAF's director after Alinsky, sees the focus on development as the sharpest departure from the classic approach. "The mistake of the first forty years of Alinsky organizations was the absence of political education," he argues. "We were very good at the action, clever and imaginative, but we didn't make a commitment to the growth process of people." "We realized after the first year that issues were the dessert, not the main meal," said Andres Sarabia, first president of Communities Organized For Public Service (COPS), a Mexican-American organization in San Antonio. The "main meal" was citizen power and values like community renewal.

Interviewing as a Political Skill

This focus on human development emerged from individualized, face-to-face meetings that were central to post-Alinsky IAF practice. Organizers learned how to interview people regularly within religious or neighborhood groups and the broader community to find out "who people are," what motivated them, what were their concerns. Fifteen years later, IAF organizers continue to see this structured listening as the singular genius of their work, a contrast to most forms of political communication that rely on one-way efforts to mobilize constituencies.

Over time, the cultivation of listening as the key to democratic action changed IAF's understanding of self-interest, the nature of leadership, and relations between different ethnic and racial groups within organizations and with those in the world outside. Moreover, it led to a new attention to the role of concepts in framing action. Discussions of the nature of power, leadership, and self-interest were made the core of political education.

Self-interest, for instance, was divorced from particular issues and distinguished from selfishness. Rather, people's longer-term interests involve their primary relationships and concerns in their everyday lives. Organizing became, in IAF terminology, "value based" rather than "issue based." The foundation of community groups shifted from visible public activists to a less visible tier of community leaders—most often women—whose central concerns were encased in community life: those who kept the church organizations going, went to the PTA, ran the bake sales. Organizing gave such leaders new recognition and skills, attracting moderates and conservatives, as well as liberals, in large numbers.

Interviewing as a political method has proved effective as a way to break down cultural stereotypes. It generates public relationships based on attentiveness to the interests of others. When leaders of Baltimore BUILD, the nation's largest mainly black local organization, first met with Senator Paul Sarbanes, he smiled, took out his notebook and asked, "What can I do for you?" "Nothing," replied the leaders. "We're here to get to know you. We want to know why *you're* in the U.S. Senate, what are your interests and concerns. We think that will help us develop a working relationship over time."

Attention to this wide scope produced large local organizations by the late 1970s. COPS each year had five or six thousand delegates at its annual convention. It changed the political balance in San Antonio, electing a Mexican and black majority to a city council that had earlier had no minority representatives, propelling Henry Cisneros to the mayor's position. And it won victories against entrenched business and other interests, redirecting hundreds of millions of dollars toward infrastructural improvements in the barrios. COPS formed more than an electoral lobbying group or an "issue organization." Elections, in the view of COPS or United Neighborhood Organizations or East Brooklyn Congregations and similar groups, are important. But they are not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

necessarily the best way to develop a citizen-led politics.

What, then, does "citizen power" mean in a more detailed sense? And where is it practiced? Community groups like COPS are determinedly pragmatic, not revolutionary. They do not expect a rapid transformation of national power structures, only a steady accumulation of local power by citizen groups.

The IAF addressed this need through a broad concept of public life. This arena, where ordinary people reclaim authority for community concerns, is different from classical republican theory, where virtuous citizens put aside their interests for the common good. In community organizing, public life is first of all a place for difference. In private life, we associate with people who share our own outlooks and values. In public life, we meet people from backgrounds unlike our own. The first principle should not be that "we're all the same" (which favors dominant cultural groups) but rather the presumption of difference. This leads to a recognition of the moral ambiguity of politics, an awareness that we cannot simply impose our values.

IAF reconceptualized politics as *animated* by concerns forged out of people's personal experiences. A father's anger at his child's mistreatment in school or a young woman's humiliation by a sexist boss, for instance, are the sorts of deep passions that can motivate people to take action in the larger world.

For effective public action, however, one has to express these personal concerns in ways that differ from private life. Principles like accountability, respect, and recognition take center stage; in private life one expects loyalty, love, and intimacy. Conflict is often healthy, but it also oversimplifies moral questions; others have different ways of understanding the issue.

This construction of the public terrain led IAF organizations to a number of other insights. Understanding public life as a world of diverse interests inoculated them against single-issue or sectarian activists. Neither anti-abortion leaders nor left-wing grouplets, for instance, were able to gain much of a following. Further, citizen politics assumes one can develop various abilities—judgment, the exercise of power, listening. Its conceptualization as a craft—like the craft one cultivates in music—means that people must lessen personal vulnerabilities and concentrate on public skills.

Not only individuals but groups of citizens can develop the political arts. Extensive training, reflection on experience, and vigorous intellectual discussion all are central. "We began to see every action as an opportunity for education and training," says Maribeth Larkin, a former organizer with the United Neighborhoods Organization of the IAF in Los Angeles.

This vision of the dynamism of political life has enriched internal organizational cultures. Citizen groups became a "university of public life where people learn the skills of discourse and action," as Ernesto Cortes, first organizer of San Antonio COPS, summarized it. While working on local issues, groups like COPS create a public arena, replete with conventions, political actions, and campaigns that bring people together across large differences.

This also prompts serious thought about the public dimensions of voluntary organizations. Churches, for instance, were no longer seen as "a family." "We never would have been able to challenge the priest to stop acting like our 'father' without this sort of training," said Beatrice Cortez. Further, the focus on a balance between public and personal life gave leaders and organizers a space for their private concerns, unusual in citizen activism.

Moreover, leaders develop skills in understanding how personalized gestures often confuse real power relations in a public setting. One day during Cortez's term as president of COPS, Henry Cisneros, mayor of San Antonio—whom Cortez had known all her life—called her on the telephone line at home she used for COPS business. Her daughter answered and at first didn't recognize his voice. "Who should I say is calling?" she asked. Cisneros replied, "Tell her it's a special friend." At that point, Cortez proudly recounted, the girl recognized his voice and replied, "On this line, you're not a friend. You're the mayor!"

Redefining Commonwealth

Finally, the concept of a public realm of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

various differences, combined with personal development, leads to a pragmatic understanding of a "commonwealth" that points toward a fresh politics. Classically, community organizing reacted against any language of civic virtue. "In this world, laws are written for the lofty aim of 'the common good' and then acted out in life on the basis of the common greed . . . where 'good' is a value dependent on whether we want it," wrote Alinsky in *Rules for Radicals*. Many community organizations have gained a reputation for pursuing their particular objectives whatever the consequences for anyone else. It is this stance that produces the "Not In My Backyard" syndrome.

IAF practice redefined "commonwealth" by changing the static idea of the common good into a much more dynamic notion. In IAF terms, basic public goods cannot be presumed to exist outside of politics. They are those things that a turbulent political process identifies, provisionally, as objects for broad community collaboration. Commonwealth enlarges particular interests in a fashion that Hannah Arendt described as the characteristic feature of public life: "care for the world."

By the early 1980s, IAF groups across the country began to take leading roles in policy initiation, especially around key questions of infrastructure. IAF groups saw benefits to taking on certain responsibilities for large-scale community goods: education in the intricacies of policy issues, a deepened sense of "stakeholding" in community life, working with others of different backgrounds. Most important, there was the intuition that such a combination of power and responsibility would change citizens' stance from that of supplicants to actors. Citizens would become "co-creators of history," in the phrasing of Gerald Taylor, a remarkable organizer for the BUILD group during the period it created its Baltimore Commonwealth program to revive the public schools. Taylor saw this action as the shift from protest to participation in governance. "The first struggle for the black community, coming out of a segregated history, is the fight to be recognized. When you've been out of power so long, there's a tendency not to want to be responsible or to be held accountable. But to participate—to develop a sense that you are creating history—one must move into power." "Moving into power," in Taylor's terms, meant being prepared to "negotiate, compromise, understand that others have power and ways of viewing the world different than your own." And it meant a recognition that seemingly vast, impersonal structures like the school system or the local economy are human creations, subject to reconstruction.

There may be several hundred large community organizations in the country that work with this view of public life. But community groups, like everything in human affairs, are marked by their cultures and histories. Following an adage of Alinsky, they hold that the organization of only a relatively small percentage of the population is sufficient to win major victories for poorer and minority populations. This strategy proves successful in particular fights. But it gives little attention to how the ideas and arts of citizen politics might be taught to other groups and institutions.

What their lessons suggest in broad terms is a fundamentally different approach to citizenship education if we are to begin to tap fully the energy, imagination, and skill of ordinary people. To draw citizens back onto the public stage, we need civic learning that takes place through voluntary organizations of all sorts as well as through formal education. Such learning must begin with people's everyday concerns and teach the craft of cooperative public problem solving.

Rather than dry "civics courses," exhortations to vote, or protest politics, we need to show how public engagement can be a satisfying theater of action and development. Americans need to get the message: the public realm offers many pleasures and opportunities for constructive use of power beyond claiming unique possession of justice and right. The basic premise of democratic politics needs to shift from protest to citizen problem solving. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Martin Kilson

REALISM ABOUT THE BLACK EXPERIENCE

A Reply to Shelby Steele

Shelby Steele's argument ("The Memory of Enemies," *Dissent*, Summer 1990) has two intertwined parts. First, he asserts that since the early 1970s the opportunity-structure in American society offers more space for social mobility and achievement than black Americans have effectively seized. Second, inasmuch as the late-1960s civil rights legislation outlawed formal discrimination, this lack of black mobility cannot be attributed as such to American racism. Instead, Steele and other neoconservatives attribute this black deficiency to blacks' obsessive identity-dependence upon a historical victim status, though classic racist victimizing realities are—according to neoconservatives—now minimal, not maximal features of American life. In short, in Steele's phrase, blacks suffer not from American racism but from a self-imposed "enemy-memory"; and what is particularly bad about this "enemy-memory" is that this "dangerously powerful memory . . . can pull us [blacks] into warlike defensiveness at a time when there is more opportunity for development [mobility] than ever before."

Steele also claims that "objective-correlatives"—his phrase—are the sustaining psychocultural mechanism of blacks' obsessive "enemy-memory," by which he means a proclivity for interpreting or decoding current dissatisfactions in terms of some past oppressive or racist realities. But because for Steele and other neoconservatives, oppressive or racist realities are all but extinct in today's America, "objective-correlatives" are an irrational mechanism. And unless blacks face up to this psycho-emotional irrationality and give it up, the current black/white mobility gap will remain indefinitely. Above all, blacks must recognize that no public policy solution is applicable to this situation; for, from the neoconservative and right-wing perspective, the source of blacks' problems is located in black individual psyche and individual behavior patterns, not in American social, economic, and political processes. Indeed, for the neoconservative and right-wing analysts, blacks' mobility crisis is compounded by the political style of black leaders, who, according to Steele, "collectivize" blacks' "enemy-memory" by erroneously interpreting events like recent Supreme Court limitations on affirmative action as a correlative to black oppression (say, the equivalent to lynchings of the past).

There are numerous problems with Steele's new version of the right-wing attack on liberal and progressive approaches to overcoming the incredible marginalization of black Americans resulting from our society's racist past and racist legacy. First, Steele's notion of "enemy-memory" (his major explanatory proposition) and its corollary, "objective-correlatives," rests on a major premise that is never explicitly articulated. That premise is this: that there is only an American racist past (that is, legalized housing segregation, public accommodation segregation, segregated public and private universities, lynchings, and so on), *but there is no American racist legacy*, owing to the Civil Rights Acts and subsequent legislation. In other words, Steele and other neoconservatives posit that blacks' mobility over the past twenty years has not been hampered by a racist legacy in the form of persistent attitudes, values, norms, informal practices, private mechanisms, and so on, nor by formal institutions (economic, political, social) that, though legally desegregated, are in fact still riddled with racist forms.

If this fundamental premise is accepted, then the neoconservatives' denial of a legitimate victim status

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to Afro-Americans assumes a certain credibility. Steele, himself black, surprisingly takes this nonvictim view of blacks' status as far as militant white neoconservatives like Joseph Epstein, who, in a *New York Times Magazine* article titled "The Joys of Victimhood," mocks any notion of blacks-as-victims, claiming that "a victim . . . is someone who insistently declares himself a victim." Epstein indulges in unseemly rhetorical wordplay on what he considers to be blacks' oversensitivity about America's racist legacy—a kind of rhetoric Epstein would never apply to the vicious history of anti-Semitism in the West and the Holocaust in particular. In a similar vein, we find Shelby Steele claiming, "Victimization is a form of innocence and innocence always entitles us to pursue power"—a strictly Epsteinian formulation, with all the implicit crypto-racist Epsteinian lampooning of blacks' incredible travail under the racist yoke of American civilization. From where I stand, Shelby Steele should know better.

Another problem with Steele's argument is the suggestion that blacks outdo all other American ethnic groups in "enemy-memory" and its corollary "objective-correlatives." If any American ethnic group warrants the "enemy-memory" prize I should have thought it goes to American Jews. Jews represent a unique twist on the neoconservative "enemy-memory" argument. Even though Jewish Americans have structured a fierce "enemy-memory" into a powerful world-Zionist mechanism, this "warlike defensiveness" (Steele's term) has not thwarted Jewish social mobility one bit. Furthermore, as Seymour Lipset has recently observed, despite a mobility level unmatched by any other American ethnic groups, *Jews cling to an intense feeling of being victims,* with some 75 percent of Jews believing that American society could be readily tipped in an aggressively anti-Semitic direction. In short, I don't think Steele and other neoconservative proponents of the "enemy-memory" argument know what they are talking about.

The above-mentioned issues overlap another facet of Steele's argument—namely, his claim that blacks typically confuse what he calls the "elimination of discrimination" with what he terms "racial development." For Steele, "racial development" is the correct response to American racism, for it concerns essentially "individuals within the race bettering their own lives." On the other hand, the "elimination of discrimination" perspective is, for Steele, altogether different, for it concerns "largely a collective endeavor . . .[requiring] group solidarity, collective action, and a positive group identity. . . ." The pursuit by blacks of desegregation is putting the cart before the horse, as it were. "Racial development," then, should be the primary concern, for it "demands individual initiative, challenging personal aspirations, focused hard work, and *a strong individual identity* [my italics]." Steele goes so far as to claim that blacks' failure to grasp this dichotomy between desegregation and "racial development" is "one of the reasons why blacks have fallen farther behind whites on many socioeconomic measures in the last twenty years even as actual discrimination has declined."

My first response to this part of Steele's argument is that his dichotomy between "elimination of discrimination" and "racial development" is both ahistorical and false. After all, if racism—whether structural, normative, attitudinal, and so on—is not eliminated or at least reduced to a benign level, the chances for *development* (social mobility) of any black individual are problematic at best and rigidly circumscribed at worst. Hence, if in the America of the post–Civil Rights Act era, strong, individualistic-minded, self-identifying blacks (the type preferred by neoconservatives) do not aggregate themselves into organizations and coalitions to combat the massive vestiges of American racism, no amount of what Steele glibly calls "racial development" is either conceivable or attainable.

And, indeed, if glib right-wing critics of the black civil rights legacy took a moment to study what real-life black individual achievers are doing politically, they'd discover that it is precisely the new bourgeois class of black engineers, advertisers, capitalists, corporate lawyers, air pilots, computer technicians, and so on who attend by the thousands the annual convention of the Congressional Black Caucus. They also have spawned a plethora of professional associations for the purpose of combating the massive and vicious vestiges of American racism, seeking public policies (affirmative action for instance) to overcome the effects on black mobility of our centuries-old racist past—effects that only ahistorical neoconservatives could possibly believe dissolved with the enactment of the Civil Rights Act. Only neoconservatives and other right-wingers have the insensitivity to assert or pretend that this authoritarian, capricious, and violent racist past lived by black Americans is somehow magically resolved by the mere enactment of civil rights legislation (legislation, by the way, many of them opposed when it was in the making), thereby putting blacks at competitive parity for social mobility with other ethnic groups. This is pure fantasy, not serious and responsible analysis. Again, I don't think Shelby Steele and other right-wing

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

proponents of the "enemy-memory" argument know what they are talking about.

One last point. There is a group of black American intellectuals (call them independent progressives) who have argued a progressive variant of Steele's basic position, which is that too many blacks shirk individual responsibility for social mobility and achievement. This group includes myself, William Wilson, Troy Duster, Orlando Patterson, George Bond, Clement Cottingham, and Elijah Anderson, among others.

But in emphasizing a greater individual responsibility among Blacks for social mobility and achievement, these progressive analysts take care to make clear that the life chances of black individuals (however fervent and pristine their individualistic identity) do not operate in a social and power vacuum, as right-wing analysts believe. Quite the contrary. Life chances of most black individualistic achievers are intricately conditioned and calibrated by myriad vicious racist patterns and motifs—patterns that were, in the 1880s to the 1960s, explicitly authoritarian in the South, where some 80 percent of blacks resided. These racist patterns were even partly authoritarian with regard to housing patterns and many job markets outside the South in this era, the era in the North of numerous white-mob riots against black communities and police-lynching practices against thousands of individuals.

Thus it is the height of naiveté—and perhaps just plain intellectual dishonesty, too—for analysts like Steele and Epstein to suggest that the Civil Rights Act created for blacks the equivalent of a "color-blind society," offering blacks a level playing field with whites. It happens that the vestiges of America's racist past are massive (both today and over the past twenty years), and although the black version of "enemy-memory" may certainly distort blacks' measurement of these vestiges, this is hardly a reason for the right-wing claim that such racist vestiges no longer prevail or are operationally no longer significant.

Toward the end of his article Steele chastises blacks for favoring an excessive ethnocentric packaging of their "enemy-memory" and their collective identity (he calls this excess "inversion"). Steele claims that this

> impulse toward inversion . . . mudd[ies] the distinction between societal change and group development. This is the distinction that allows the group to assign responsibility for development to the individual. Those groups that have somehow maintained this distinction (for historical and cultural reasons too complex to explore here) have thrived in America despite racism, anti-Semitism, and outright discrimination. Asians, Jews, West Indians, and others have found their avenue for development in the aspirations of their individuals who have approached American society with initiative, energy, and pragmatism.

Here again the ahistorical nature of the "enemy-memory" argument—or this ancillary facet of this argument—is manifest. I daresay that few American ethnic groups can compare with Afro-Americans in regard to energy, initiative, and pragmatism, especially when such a comparison controls for the clearly more vicious and violent nature of the ethnic denigration of blacks compared to, say, Asian Americans, Jews, Italians, or the Irish.

Furthermore, it is clear that right-wing analysts will not allocate a causal role to the American racist legacy when analyzing the relative social mobility differentials between blacks and other ethnic groups, preferring instead to, as it were, *blame the victim*—in this case blacks' presumed failure to grasp the salience of the individualistic imperative in American culture. Notice, too, that Steele includes West Indians among those ethnic groups who, despite discriminatory patterns, have properly grasped the individualistic imperative and thus gained social mobility. Though his use of the West Indian example is appealing because West Indians in some respects experienced the same racist mode most black Americans suffered, it is not as favorable a comparison for his argument as he pretends.

Just recently two stratification analysts (Reynolds Farley and Walter Allen, *The Color Line and the Quality of Life in America*, 1987) revisited Thomas Sowell's data on West Indian mobility, such as his claim that "West Indian representation in professional occupations is double that of blacks, and slightly higher than that of the U.S. population as a whole" (*Civil Rights: Rhetoric or Reality?*, 1984, p. 77). They concluded that Sowell's sanguine claim "is quite exaggerated since in 1980, 14 percent of the foreign-born blacks compared with 11 percent of the native blacks held professional or executive jobs. Twelve percent of the native men worked in the lowly-paid blue collar category of handlers, cleaners, and laborers compared with 7 percent of the foreign-born."

Finally, somehow it never occurs to Sowell, Steele, and other right-wing analysts who glibly use

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

West Indian data that, in comparison with black Americans, foreign-born blacks are, first, highly selective immigrants, and, second, were not victims of America's uniquely vicious and authoritarian racist past.

The point is that the individualistic imperative that is so much cherished by analysts such as Steele has, in fact, been massively qualified for the typical black American. For blacks this individualistic imperative has been capriciously and massively circumscribed by America's racist realities. Though Steele is correct in suggesting that ultimately blacks must master the individualistic imperative if they are to approximate mobility-parity with other ethnic groups, he is massively in error in his neoconservative pretense that this individualistic mastery by blacks can proceed without reference to America's racist past and this past's current racist vestiges. In this claim Steele and other right-wing analysts are actually calling for the veritable depoliticization of black Americans, at least insofar as such depoliticization entails a retreat from the aggressive use of public policy intervention as a means to combat the racist constraints upon the black American quest for the individualistic imperative. In Steele's analysis, the cart is truly before the horse.

Shelby Steele Replies

Martin Kilson is arguing with a phantom of his own making. Yet I am grateful for his letter because it so vividly illustrates the distorting powers of the enemy-memory that I discussed in my essay. One will note in his letter the virtual tribute he pays to the continuing power of white racism to constrict black life: "Life chances of most black individualistic achievers are intricately conditioned and calibrated by myriad vicious racist patterns and motifs. . . ." What Kilson misses as he places blacks in this Skinner box of racist conditioning is the vast power he is ascribing to whites and the corresponding impotence he is ascribing to blacks. (Even I, as a well-known pet of the neoconservatives, cannot bring myself to flatter whites in this way.) This is precisely the sort of self-defeating paradigm the enemy-memory pulls forward from the past and imposes on the present. If it is true that racism is still a barrier for blacks (and I believe it is), then it is also true that we are no longer a powerless people "conditioned and calibrated" by vicious whites. I think it is the enemy-memory that leads Kilson to see lizards and call them dragons.

It is also the lens of this memory that he is peering through when he continually calls me a neoconservative and a right-winger—code for being outside the church. Having read my Kafka very well, I know that it can be futile to deny accusations that aren't true in the first place. Nevertheless, let me announce that I do not think of myself as either of these things. How boring to lead one's intellectual life under the flag of a wisdom that is no more than received.

But I feel sure that Kilson is not labeling me in this way because his heart is convinced of my right-wing conservatism. I think it's all a matter of tactics. Kilson is signaling the good readers of *Dissent* that I am not the sort of man to whom they should listen. And behind this labeling I sense a certain fear. To suggest that the memory of oppression can cause blacks to exaggerate the barriers they still face is, by Kilson's lights, a dangerous thing to say. I believe he fears that whites will take this statement as license to minimize these barriers and so absolve themselves of obligation to their former victims. I wish Mr. Kilson to know that I, too, share this fear, as I believe many whites do as well. But the effect of indulging it is absolutely to straitjacket the discussion of racial problems in America. If one does not look critically at black life for fear of giving solace to hostile whites, the result is both blindness and silence. I think the enemy-memory is a problem for blacks, and I also believe that a knowledge of it is as likely to inspire compassion as hostility in whites.

I also think it is a mistake to fret terribly much about whether whites will use what we say against us. There are hints of the slave mentality in such a preoccupation. We either have a just cause or we don't. And if it is just, it will not be weakened by any amount of self-examination.

But then quite apart from the tactics of racial politics, Kilson feels that I am simply wrong. My answer is that he mischaracterizes my arguments and then attacks the mischaracterizations. I said nowhere in the essay that civil rights legislation "magically resolved" the "violent racist past" under which blacks lived. Racism still exists. Nor did I say that racial development was the *only* response to racism. It is not. Kilson fails to understand my point: both racism and a lack of development are problems for blacks. We don't have one problem; we have two, and the two are not mutually exclusive. We must

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

struggle on both fronts, individually and collectively—though the burden of educational and economic development will fall more on the individual and the burden of struggling against racism more on the group. Groups don't learn to read well or open businesses; individuals do. Individuals don't get civil rights legislation passed; groups do.

I also never said that "no public policy solution is applicable" to black problems. This is the sort of license Kilson grants himself by casting me as stooge for some imaginary cabal of neoconservatives who loathe government programs. Is it impossible to imagine that I might simultaneously encourage more individual initiative among blacks and also support government programs and interventions that contribute to black uplift? I especially favor programs that intervene in early childhood—earlier even than Head Start—to instill the attitudes and skills in parents as well as children that make it possible to break the cycle of poverty. I can only remind Mr. Kilson that my essay was on the enemy-memory, one aspect of black difficulty. It is absurd to assume that one essay can address this and public policy questions as well.

At the end of his letter Kilson throws me a nice bone before delivering his last kick. He agrees that blacks must "ultimately" master individual initiative—a sporting if qualified concession. But then he attributes to me the "claim" that this can be done without "reference to America's racist past and this past's current vestiges." And here I can only stop and wonder at the man. What essay did he read? And if he read mine, why would he fabricate such a statement and paste it to my forehead? I suppose the real question is, why does he need to think of me in this way? In his letter I see myself built up and transformed by his imaginings, dressed in a conservative suit of his making. Yes, he seems to think, now he has me. I am one of them, an enemy he remembers. □

THE CLOSEST OF STRANGERS

"An honest and passionate account of racial politics in New York, a hard story, bravely told."
—Michael Walzer

"A powerful cry of anguish and anger over the corruption of the politics of race."—Thomas Byrne Edsall

"A fair, tough-minded airing of New York City's racial tensions and animosities on all sides."
—*Publishers Weekly*

"Almost visionary... No one knows the story of racial politics in New York better than Jim Sleeper."—Shelby Steele

"Urgent and important."
—Sydney Schanberg

NORTON
500 Fifth Ave., N.Y., N.Y. 10110

Now at bookstores

LIBERALISM AND THE POLITICS OF RACE IN NEW YORK
BY JIM SLEEPER

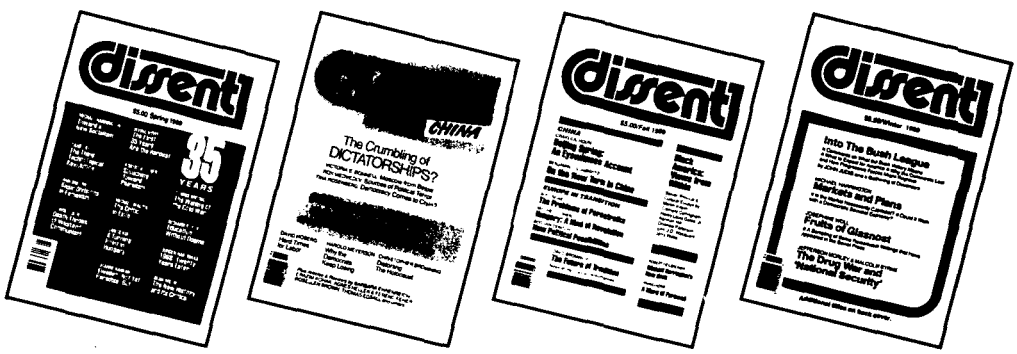
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STOP BUYING Dissent

When you buy *Dissent* at a newsstand you pay more per issue than you would if you subscribed. And we make less. That's an economic fact of life for a small magazine that has to pay a hefty percentage to distributors.

If you stop buying *Dissent* and use the card attached to this issue to subscribe, you save yourself some money and time and give us an income and circulation boost.

So why not do yourself a favor? This way you won't miss a single issue in case your newsstand sells out.



Don't wait any longer.

Subscribe now!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Martin A. Lee & Norman Solomon

THE BUCK COMES FIRST

The media business operates with a pair of avowed purposes—to provide a public service and to make money. As a result, mixed messages are typical.

America's three major newsweeklies, for instance, have published occasional articles critical of the tobacco habit. Yet most of their back covers in 1989 were advertisements for cigarettes. Despite the reassuring myth that ads don't affect news content, neither *Time* nor *Newsweek* nor *U.S. News & World Report* has gone on any crusades against cigarette smoking. The massive ad budgets of R.J. Reynolds, Philip Morris, and other tobacco sellers indicate why a cigarette industry with an annual death toll of 390,000 Americans doesn't get more bad press.

The threat of retaliation is more than conjecture. In 1980, tobacco companies pulled their ads from *Mother Jones* after that magazine ran a series of articles about cigarettes as a major cause of cancer and heart disease. Eight years later, butt-pushers pointedly disciplined the largest ad-agency group in the world when one of its subsidiaries strayed from the nicotine-stained road by having the temerity to produce a television commercial that dramatized passenger applause for the advent of Northwest Airline's strict no-smoking rule. RJR Nabisco, makers of packaged goods ranging from Shredded Wheat to Winstons and Camels, canceled its account with a Saatchi & Saatchi ad agency. Executives at Saatchi were not about to make the same mistake twice; when their company bought an ad agency putting together anti-smoking messages for the Minnesota Department of Health, Saatchi nixed that million-dollar arrangement rather than jeopardize its $35 million fee for advertising Kool cigarettes.

In 1989, U.S. Surgeon General C. Everett Koop angrily alleged that many magazines and newspapers thick with cigarette ads remain unwilling to publish articles on smoking dangers—a charge that received scant media mention and no appreciable follow-up. Koop was right on target.

Consider *TV Guide*—a weekly magazine picked up by 42 million American adults plus 5.6 million teenagers—with a total circulation of more than 890 million copies per year. Each one of those copies contains cigarette ads. Federal law has banned cigarette commercials from the airwaves since 1971, but viewers consulting *TV Guide*—now the property of Fox Television Network owner Rupert Murdoch—keep getting plenty of color pitches for cigs. While receiving more than $30 million each year from tobacco advertisements, *TV Guide* does not publish any articles critical of the television networks' gentle treatment of the cigarette industry. Purchasing ads in *TV Guide* to the tune of about $590,000 a week, tobacco companies also buy the magazine's silence.

"I think it would be naive to expect publications that take a lot of revenue from the tobacco industry to go after them vigorously," *TV Guide*'s assistant managing editor Andrew Mills said in an interview. Mills acknowledged that television has ducked the cigarette story—"It doesn't seem to me that TV has done much with it"—but his magazine wouldn't touch the subject with a ten-foot antenna. "I don't recall that this has ever come up at *TV Guide*," he told us. "My personal opinion is that it wouldn't look good for *TV Guide* to go after the networks when *TV Guide* runs cigarette ads in every issue." When we thanked Mills for his candor, he replied: "Facts are facts, right?"

Some publications go further to protect cigarette advertisers. The September 1989 *Playboy* featured an attorney's essay denouncing proposals to restrict cigarette ads. The article advocated the right of cigarette companies to advertise without further legal restraints—and specifically defended a Camels ad campaign aimed at teens. Filling the first two pages of that month's *Playboy* was a full-color spread for Camels. The back cover was an advertisement for Merit Ultra Lights, headlined "Tasty little number." All told, the issue contained twelve full pages of cigarette ads, along with a tear-out postcard for three free packs of Marlboro Menthol. In 1989, *Playboy* received about $900,000 a month from cigarette advertisements—a quarter of all its ad revenue.

* This article is excerpted from *Unreliable Sources: A Guide to Detecting Bias in News Media*, Carol Publishing Group, with the kind permission of the publisher.—Eds.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Playboy is hardly the only mass-circulation magazine going out of its way to be more sensitive to the well-being of tobacco hawkers than to human lung tissue. On the rare occasions that either *Time, Newsweek,* or *U.S. News & World Report* schedules a negative article about smoking, spokespersons for those magazines reluctantly admitted to us, the policy is to give the cigarette companies advance notice—and the option of moving, or removing, their ads in that issue, lest readers associate them with the unsavory publicity. Other unpleasant articles—precipitated by plane crashes, reports on auto safety hazards, studies of alcoholism, and the like—trigger the same early warning system, giving advertisers such as airlines, car manufacturers, and liquor marketers the chance to pull or rearrange ads.

Ties between articles and advertiser patronage become more direct in projects called "special sections" or "advertising supplements." In those cases, a *Newsweek* spokesman informed us, "the advertising sales people at *Newsweek* commission the content of those special sections"—a practice that, he conceded, "has occasionally raised concerns." In theory the articles on these pages are distinct, set in a different typeface on specially marked pages, but readers might easily make the mistaken assumption that they're looking at journalism. Actually they're reading articles that exist only because of specific sponsorship. *Time* magazine's publicity manager, Brian Brown, spelled out the fundamentals: "We're not going to run a special section that doesn't have advertising. [T]hey've killed sections when they haven't gotten the advertising."

Sex Sells

A wholesome image has always been central to the facade of *USA Today*, which accumulated more than six million daily readers during the 1980s. Yet zeal to capture readers and marketing dollars has entailed reliance on mixing messages. Vehement instructions about front-page photos came from the top boss, Allen Neuharth, who got the attention of editors one day by repeatedly slamming a newspaper rack in a conference room. "When you run a picture of a nice clean-cut all-American girl like this," he lectured, "*get her tits above the fold.*"

Neuharth's edict, of course, was meant only for *USA Today* editors' ears. But planned titillation to boost mainstream publications is commonplace—paralleling the misuse of women's bodies as sales props in printed ads. Meanwhile, on television, the sexual pandering in many programs is an echo of commercials' more blatant and sometimes subliminal methods that would have kept Sigmund Freud glued to a slow-motion VCR.

The exploitation of sexuality to create allure for products that have nothing in particular to do with sexual fulfillment, seems to involve no moral dilemmas for corporate journalism. In the spring of 1989, St. Pauli Girl beer mounted a $5 million advertising blitz. Print ads with several pictures of long-necked beer bottles ran under the headline: "When you meet the *Right Girl*, how should you treat her?" Captions provided the answers: "Open the door for her. Tip your cap to her. Admire her body. Appreciate her good taste. Propose a toast to her. Introduce her to your friends."

The *New York Times*' advertising column—a daily feature in the business section—takes for granted the appropriateness of brandishing sexual imagery as a marketplace tool. Ethical considerations go unmentioned. So, in seventeen paragraphs about the St. Pauli Girl promo drive, the *Times* discussed the new ad campaign only in terms of potential for boosting sales with its "suggestive humor"; the ads were "using coy word plays about how a young man should treat the 'Right Girl' when he brings her home." The advertising firm handling the account, the *Times* reported, "nicknamed the target market the Charmed Winner. The target's psychological profile: confident, stable, full of fun, not married but with female friends."

"Suggestive" advertising in search of "target markets" may on the surface seem savvy and lusty—and its detractors perhaps unduly prudish. But in reality the methodical use of sexual metaphors—so central to American advertising for cars, cigarettes, alcohol, packaged foods, soda pop, toothpaste, chewing gum, and any number of other products—is a high-intensity assault, feverishly seeking to wring maximum monetary gain out of the populace's sexual desires. Yearnings for personal connection are grist for the advertiser's next new mill. Under this perennial media barrage, it may slip Americans' unconscious minds that eroticism has no special relevance to buying a new automobile or a particular brand of soft drink, other than the linkage supplied by an ad-mad culture toying with deep human emotions.

The continuous stream of advertising, news, and entertainment imparts paradoxical concepts: Problems are individual, and so are solutions—yet you should strive to live (and buy) as others do. The mixed message, while self-contradictory, is powerful: To be truly yourself, imitate others. Repetition has rendered even absurd rhetoric quite familiar, and unlikely to raise eyebrows, as when commercials entreat viewers to break through and express their

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

real individuality by buying the new car that millions of other people will also be driving.

Ellerbee's Confession

A maverick television journalist is rare enough that when one cracks a national network, the result can be a media novelty item. Linda Ellerbee gained a reputation as a witty no-nonsense critic of televacuities. But, taking measure of such winsome determination not to be a commodity, the big-time television business sees opportunities for marketing another commodity. Like a torturer in a late-night B-movie, sooner or later media conglomerates convey a chilling message to a recalcitrant professional: *Ve have vays to make you talk*. The scripted outcome is that quasi-renegades wind up trading on their outsider reps to develop leverage as insiders. Only weeks after appearing on the cover of *Mother Jones* magazine as a go-your-own-way pathbreaker, Ellerbee was on national television commercials selling Maxwell House coffee.

"Had another journalist mugged for Maxwell, it would have raised enough eyebrows," *Village Voice* columnist Leslie Savan wrote, "but Ellerbee is supposed to be some kind of keeper of journalistic cynicism, most biting about the hypocrisies of the TV news industry itself. Which is why Maxwell House wanted her in the first place—and paid her half a million dollars for two days' work."

Savan put her finger on the symbolism: "Although the public ranks reporters right next to politicians on the sleaze spectrum, news types are still associated with 'facts,' especially in pop-up appearances like ads. Anacin had an actor play a reporter—standing in front of a printing press no less—to announce 'the news about aspirin.' Shearson Lehman paid a real reporter, Richard Valeriani, to pretend to interview a Shearson-paid spokesman, Henry Kissinger, about the economy. But General Foods' coffee-achieving company has outdone those previous press plugs by hiring someone who could be sold as someone who could not be bought."

Linda Ellerbee's testimonial did much more than demonstrate that celebrity sincerity is available for the right price. That concept has long been established in the ad world—paralleling the vital advertising precept that a person can never have "enough" money or possessions. Commercials say so explicitly, as do the myriad television shows glorifying the rich and famous. Celebs-for-hire on commercials convey the message by example too, so that spectacles like James Garner peddling many a Mazda, or Bill Cosby cashing in as he smiles for everything from pudding to stockbrokers, are endorsements of specific products as well as of insatiable zeal for ever more wealth. The subtext was unmistakable, for instance, in gas commercials starring Bob Hope—already one of this country's richest men—seemingly determined to prime his fiscal pump with Texaco's largess until (and perhaps, with residuals, even past) his dying day.

But Ellerbee's work as a pitchwoman also spoke high volumes about mass media's capacity to housebreak rebellious souls who might aspire to get some semblance of substance onto the networks. More telling than her cameo role for Maxwell House was her rationale for it: "I did it for the money—I make no bones about it." Having founded a new company for producing quality documentaries, she explained, the need for an influx of cash was crucial. "I had three choices—get an investor, which would mean giving up control; accept an offer to do a daily syndicated talkshow; or do this commercial." So she did the commercial to avoid having commercial pressures compromise the integrity of her work.

Such is the whiplash of TV's corporate power. It is necessary to destroy integrity in order to save it. Low achievers can only hope to go on sale for low prices; successes command more impressive price tags. Reinforced is the idea that all people have their price; some come higher than others.

Like Ellerbee doing her good-to-the-last-drop spot, television newscasters are well paid. The process is more circuitous than with a commercial, but the requirement of pleasing a CEO and board of directors is no less stringent—and obedience no less lucrative. Salaries of television journalists have spiraled since the early 1970s, when the top yearly wages were in the $100,000–$150,000 range. By the time Roger Mudd left NBC News in the mid-1980s, his annual salary had reached $1.2 million. He complained that "network television news has become an increasingly difficult place to be for those of us who came to it in the 1950s. Money is everything nowadays."

What appears on television screens often looms so large that the people who live next door may seem less "real" to us than Dan Rather, or the Golden Girls, or even a pleasant woman who's endorsing a pain reliever for the hundredth time. Journalism's widest reach is via television, providing vivid images of "reality." In retrospect, Walter Cronkite's famed closing line was an ominous trademark for a television news industry with the power and arrogance to squeeze slanted versions of events through the Tube and then underscore its pretensions with the matter-of-fact declaration: "And that's the way it is." □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Murray Hausknecht

PROFITS & VALUES IN PUBLISHING

Readers of the financial pages are familiar with resignations or firings ("has left to pursue other interests"). Nothing remarkable here, as the continual movement of people in and out of jobs is a capitalist fact of life. It must have come as a surprise to many, then, that the firing last February of André Schiffrin, managing director of Pantheon Books, became a minor cause célèbre in which book editors dueled in the *New York Times*, and authors walked a picket line and subscribed to an ad in the *New York Review of Books* protesting Schiffrin's firing. Why did so "normal" an event cause so much moral indignation?

Schiffrin's dismissal is part of a larger phenomenon. Pantheon is owned by Random House which is part of Advance Publications, a company owned by S.I. Newhouse and his family, who also own a string of newspapers. Random House is a publishing conglomerate that is reputed to be worth more than $1 billion.

The growth of Random House and its acquisition by the Newhouse family is not unique; in recent years several publishing empires have been put together here and abroad. Publishing has changed from a cottage industry to a postindustrial, transnational phenomenon.

But the course of economic developments does not always run smoothly. Random House was losing money, and Pantheon, a small division representing only 2 percent of the total revenues, was contributing to the loss. The *New York Times* on March 19 quotes Newhouse as saying, "I believe my operations should show the sense of security that comes from knowing their work leads to a profit." Late in 1989 the head of Random House, Robert Bernstein, was replaced by Alberto Vitale, formerly head of Bantam Doubleday Dell, owned, in turn, by a German publishing empire. It was Vitale who fired Schiffrin.

Strands of the occupational ideology of publishing are to be found wherever people think of themselves as professionals. A profession is distinguished by the requirement, ideally, of a specialized education. Professional practitioners are, ideally again, not solely oriented to making money. If education separates the professional from the skilled craftsperson, the former is distinguished from the businessperson by "service to others"; that is, the dedication to furthering a public good.

Implicit in this conception of a profession is a claim to superior status based on education and greater virtue: it is clearly more virtuous to put the interests of others before one's own.

Jason Epstein neatly exemplifies one dimension of this ideology when he remarks that

> the dream of riches is not, or ought not to be, what lures most people to this highly speculative, not very profitable handicraft. . . . Usually what lures recruits . . . is a displaced literary impulse, as it was for me and for most other publishers I know, people for whom literature or at least writing had become, at a critical point in their lives, more compelling than anything else, including money.

Another dimension was caught when Helen Wolff, a respected editor, expressed outrage over the dismissal of Schiffrin by saying that he was "treated as if he were a shirt dealer." The notion that publishing serves a public good was underlined in an anecdote at the height of the dispute. "When there was a discussion of the cost of the Czechoslovak writer Vaclav Havel's *Letters to Olga,* published in 1988 by Knopf, Mr. Bernstein said he quickly cut it short by saying, 'He's in jail. Buy the book.' "

The public good that the ideology of advertising invokes is nothing less than the preservation of a "national treasure." The fundamental idea was stated by one of the Pantheon editors, Tom Englehardt, in the *New York Times*.

> Whose hand should draw the proverbial bottom line and under what? . . . [O]ne would think that a publishing house which allowed challenging ideas to enter our lives year after year would be considered a national treasure . . . . [A]uthors came to us . . . to be identified with a house that considered publishing an act of social responsibility. . . . What the next generation of authors who may not have the opportunity to enter the mainstream through Pantheon will pay . . . is literally incalculable. . . .

E.L. Doctorow, the prizewinning author who publicly rallied support for the Pantheon editors, said that Pantheon was "a forum for the critical, the unpopular, the scholarly, the dissenting, the difficult, the impassioned, the contrary." The ad placed by the Writers for Pantheon proclaimed, "An important part of national dialogue, the basis of an informed citizenry in a democratic society, has been silenced."

Once publishers have been defined as "custodians" with "cultural obligations," then publishing as an economic enterprise drops out of sight. Not all authors overlook the commercial aspects of publishing. The novelist Scott Turow unabashedly acknowledges, "Sure I'm a product. Five million copies of anything, that's a product. But I'm happy to cash the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

checks." James Michener originally took a dim view of the developments at Random House under Vitale, and threatened to leave for "some small house, obedient to the old traditions." Vitale responded that he was "accessible to Mr. Michener any time." Michener is an obviously valuable product. They did indeed meet, and when asked about his plans Michener said, "I left it in the hands of my agent . . . who is very able in those affairs." A month later it was announced that Michener was staying with Random House.

The conception of Pantheon as a "national treasure" was rejected by those who defended the firing of Schiffrin. Erroll McDonald, a vice president of Vintage Books, attacked the authors' picket line as an example of "a welfare mentality." Just as the metaphor of "national treasure" leads to notions of "social responsibility" and "cultural obligations," McDonald's metaphor led to the accusation that the Pantheon editors and their supporters "have eschewed any notion of self-reliance and responsibility." Forty Random House editors also joined the fray, issuing a statement denying that the intellectual environment had been chilled and asserting their belief that it was possible to "publish books of enduring quality" while practicing "fiscal responsibility."

Schiffrin's firing clearly struck a nerve. The occupational ideology of publishing stresses its similarity to the traditional professions by playing down self-interest and highlighting publishing's contributions to culture. But publishing as an occupation has an ambiguous status; despite the protestations of editors, it is still a business. It is almost impossible to see an editor's social role as similar to that of a physician's, no matter how much the metaphor of "the health of the society" is invoked. The future of that illusion became more questionable with the firing of Schiffrin; it was an affront to the editors' self-esteem and a reminder that publishing is, after all, a *business*.

The insistence on "cultural obligations" could only irritate others in the business. Publishers often point out that they frequently accept books that will never be profitable; the profits they earn from a Scott Turow or a James Michener book allow them to take a chance on the first novel of an unknown author. McDonald's annoyance is understandable. He and others were probably lured into publishing for the same reasons Jason Epstein was, but arguments like Englehardt's make it more difficult for McDonald to come to terms with the occupational ambiguities of publishing—part profession, part business.

The authors tend to be natural allies of the Pantheon editors. On the one hand, the occupational ideology as voiced by Englehardt is congruent with their own self-image. Their work is part of a "national treasure." But if publishing is a business, then it will become increasingly difficult to have one's work published—not everyone is as good a product as Scott Turow or James Michener.

The perspective adopted by publishing barons may be a narrow one, but given its premise, it is logically consistent. Ours is fundamentally a capitalist economy, and that means that the obligations of the owners, the only ones formally entitled to draw the bottom line, are to run profitable enterprises. Editors and authors to the contrary, the publisher has no cultural obligations, because, given the premise of a capitalist economy, the publishers' social responsibilities are discharged when their businesses are profitable. Or, to put it another way, publishing companies and their authors are national treasures only when profitable.

But this is a limited perspective, and that is why honor must be paid to the Pantheon editors and their supporters. Their charge of a failure of social responsibility is really a statement of a major defect of a capitalist society. The work of authors, editors, and publishers—the writing and distribution of novels, poetry, and nonfiction—*is* necessary to "the health of the society"; their work helps people understand their lives and the world in which they live, and the books contain what a society needs in order to fashion its continued existence in the world. But if intellectual work results in financially unprofitable books, there are no institutionalized means for that work to reach people—capitalism has a secure place only for profitable products.

There is a moral here for the contemporary world of Eastern Europe. Ordinary people and intellectuals there are entranced by visions of the benefits of "the free market," and who can blame them after all they have suffered from command economies? To be sure, the creation of democratic governments and the dismantling of command economies will mean, initially at least, an immeasurable improvement in the intellectual environment. It is also true that the rejection of a book because it will not sell is different from a rejection that is a step to the gulag. Still, the Pantheon case should serve as a warning that capitalist societies have their own built-in dangers; in those societies there is no assurance that the works of novelists, poets, and scientists that are necessary for meaningful lives will ever reach those who need them. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Give Some Thought to Your Friends*

It's not too early to think about holiday giving, and what better choice than a bundle of ideas delivered to the door four times a year? Each issue of *Dissent* is filled with thought-provoking comment and analysis. And because we want to help you spread those ideas to friends, relatives, and debating partners, we are making a special holiday gift subscription offer. And while you're at it, why not a subscription for one of the best minds you know—you.

For new subscribers only: Your subscription will cost $15 per year, a saving of $3 off the regular price, and all gift subscriptions sent in your name will also cost $15.

For current subscribers: Send us your gift list and we'll send subscriptions for $15 each.

* And yourself.

Your name (if new subscriber) _____

Address _____

_____

Gift subscription to: _____

_____

_____

_____

_____

_____

Total enclosed _____ (Make checks payable to *Dissent*.)

Mail to *Dissent*/FSISI, 521 Fifth Avenue, New York, NY 10017.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Christopher Hitchens

MAESTRO OF RESENTMENT

IN THE ARENA: A MEMOIR OF VICTORY, DEFEAT AND RENEWAL, by Richard Nixon. Simon and Schuster, 1990. $21.95.

RICHARD NIXON AND HIS AMERICA, by Herbert S. Parmet. Little, Brown, 1990. $24.95.

We live, apparently, in a time of the composure of grievance, the forgiveness of transgressions, the putting-behind us of the past. Ancient wrongs are righted, traditional conflicts resolved or dissolved. In the lees of this soothing tonic of lenience and euphemism, what is left for the bitter integrity of the radical personality?

Well, there's always Nixon-hating. But, as I read this, the latest of his awful "books," I felt an uneasy slackening even in that usually taut string. On page 101, for instance, I hit upon the following:

> I particularly remember the time my mother served homemade ice cream topped with maraschino cherries for dessert. I had never had them before. My third-grade teacher ate the ice-cream but left the cherries on her plate. People did not count calories in those days, and I always assumed that she left the cherries for me since she could not have helped but notice how much I had enjoyed my first exposure to that delicacy.
>
> Any program of educational reform should put the primary emphasis on the quality of teaching . . . .

Only pity, surely, can be felt for such an arid, constipated figure, who writes of his own childhood like a lugubrious bureaucrat and who then makes it an occasion to inflict a moralistic cliche upon the reader.

"Now More Than Ever" was the slogan of the Nixon delegates at Miami, and it was only, I think, Renata Adler who noticed what was staring us in the face—that this boring chant was the unknowingly amputated first half of a lovely line from John Keats. The line positively cried out for its completion, which is, from the "Ode to a Nightingale": "seems it rich to die." Today's moribund Nixon oppresses one with a similar emotion. Will he never acknowledge that there is a decent limit? Must he chatter and gibber forever, dead but not recumbent, until at last our pity turns to loathing?

Loathing may seem a strong word, but it came wholesomely back to mind before sickly compassion could gain any lasting hold. Just brood on this paragraph for a second:

> When I was first informed about the break-in, I did not give it sufficient attention, partly because I was preoccupied with my China and Soviet initiatives and with my efforts to end the war in Vietnam and partly because I feared that some of my close political colleagues might be somehow involved. Some have said that my major mistake was to protect my subordinates. They may be partly right. I believe that in any organization loyalty must run down, as well as up.

The paragraphs precedent and subsequent to this one are likewise larded with self-pity, untruth, and vengeful revisionism.

> Not taking a higher road than my predecessors and my adversaries was my central mistake. . . . What's more, I have paid, and am still paying, the price for it. . . . The Democratic National Committee was a pathetic target. . . . As a student of history, I should have known that leaders who do big things well must be on guard against stumbling on the little things.

The most agonizing chapter is undoubtedly the one entitled "Friends," which more than fulfills the arch and dreadful promise of its title. "I had often heard that real friends are there when you need them the most," writes Nixon. "After 1974, I saw that first hand." He appears to be saying that until the abrupt end of his second term he had only heard this maxim but never seen it exemplified, and one fears that this might well be true. Pity breaks in again, to be dispelled again when the former president prints lists of "friends" who stuck by him. Only on the second glance did I notice that these lists were in alphabetical order—a gruesome touch typical of a man who has no friends, only cronies and associates. (One list runs from Buchanan to Ziegler, which gives you an idea.) A ghastly lowering overtakes the spirit when one reads of the lonely, mistrustful

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

half-lives that are led by our politicians these days; Reagan's printed recollections of "friends" and family possess the same forced, insincere brightness and falsity.

As a result, solipsism lurks in wait for the loveless, suspicious, unspontaneous professional pol. Literally everything reminds Nixon of himself and of his own bitter struggle to the top; to a summit which, once attained, did not bring him happiness or release. (On the night of his 1972 victory party, he angrily fired half his staff.)

> I remembered that when a superb group of black musicians had performed in the White House after one of our state dinners, the leader expressed his appreciation for the invitation and concluded his remarks by saying: "You know, Mr. President, it's a long way from Watts to the White House." I responded by thanking him and saying, "It's a long way from Whittier to the White House."

And, no doubt, sending him rejoicing on his way.

As a personal memoir, then, this is a cringe-making failure. It shows only that the unlived life is not worth examining. The interesting bits of Nixon's private existence—the foul mouth, the Jew-hating, the paranoia—all lie under a ban of denial and are bled out of the narrative. Politics, likewise, becomes an automatic exercise in boilerplate and retrospective self-justification. It's as if nobody ever heard the tapes.

Ah yes, say a startling number of liberals, but Nixon made the *apertura* to China and put an end to the Vietnam War. He was always more sound on détente and foreign affairs. I don't need to tell the readers of *Dissent* what, or how, to think about Vietnam. And we know where the China policy has led, and why. But it may be worth recording what Nixon says about East-West relations in a book published in May 1990:

> Unfortunately, the INF Treaty has compounded the pressures on West European leaders, particularly in West Germany, to give in to Soviet demands. This, in turn, has created sharp tensions within NATO. As Turkey's foreign minister told me in commenting on the treaty, "Gorbachev has killed three birds with one stone. He has divided Europe from the United States, divided Europe against itself, and divided the German coalition."

This amazing stupidity comes gift wrapped, as if for reinforcement, with the inscription of NATO's only remaining dictatorship—a pungent reminder of Nixon's fondness, while in office, for regimes of this sort in Greece, Spain, and Portugal as well as further afield.

Herbert Parmet's well-written and well-organized study of this mediocre, wretched, warped, dishonest individual also makes the case that he is an American Everyman—the quintessential postwar politician enjoying the closest rapport with the ordinary voter. One needs the skills of a Brecht to resist this Arturo Ui presentation. Both Nixon and Parmet fail at some essential level to appreciate the distinction between the little guy and the small man. A small man, like Nixon, can appeal to the little guy, but only for so long and so much. The little guy will not, in the end, stand for being told that he doesn't deserve or understand the sacrifices the small man has to make to stay on top. In this rejection of flattery lies our hope—there is a limit to the success of conservative populism and the exploitation of "little guy" or "silent majority" rhetoric, and it is very often reached because of the emaciated, corrupted personalities of the demagogues themselves.

Nothing but disaster and disgrace comes of trying to accommodate to, or borrow from, the demagogic style. Parmet tells again a story that many left-liberal idealists are reluctant to believe (I first read it in Stephen Ambrose's *Nixon: The Education of a Politician*). In the celebrated 1950 campaign in California, it was Helen Gahagan Douglas who launched the red-baiting charge against Nixon, and not the other way around. "YOU pick the Congressman the Kremlin loves," she told the voters, adding with deliberate artifice and deceit that Nixon and "Communist party-liner Representative Marcantonio" were in "complete accord" on the selling out of our boys in Korea. Once that auction had been started, there could only be one long-term winner. Recall Walter Mondale deciding to attack Ronald Reagan from the right for his offer to "share" SDI technology with the communist enemy. A brilliant and profitable piece of post–"Missile Gap" centrism that turned out to be.

Every campaign, Garry Wills once wrote, "taught Nixon the same lesson: mobilize resentment against those in power." History taught the same to many conservative and reactionary populist movements, whose real attitude to those in power and authority was one of a servile, envious, vicarious adoration. Nixon, of whom this was also true, faced in smaller ways the dilemma that other such movements confronted on a sickeningly grand scale: how to redirect the resentment when "those in power" are you and your "friends." Here, we need Wilhelm Reich as much as Bertolt Brecht. Still gnawed by hatred and jealousy, the small man must puff like a bullfrog to seem grand, but durstn't forget to slake the appetites that he aroused on the way to power. So—a bit of bombing here and a touch of destabilization there (never forgetting to treat Brezhnev and Mao with the utmost regard and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

respect) and at home a hateful drizzle of innuendo and spite against the press, the universities, the arts, the intellectuals, the outsiders, the you-know-whos.

It's appalling to reflect that a version of this trick has been pulled at least four times since 1970, in the greatest constitutional democracy in the world. As I read Nixon's turgid, tenth-rate apologia, I found that I could see the unctuous features of George Herbert Walker Bush rise to greet my eyes. Nixon himself ushers him onto the stage, telling us of a call he paid on Eisenhower: "When I saw him in 1967, among those he told me was a 'comer' was a young Congressman from Texas named George Bush." And, lest we forget, Bush was an exceptionally docile chairman of the Republican National Committee during the Watergate years.

Bush, of course, did not have to come from Whittier to the White House. But as a Yale Skull-and-Bones drone, he did not disdain to run against "Harvard intellectuals." Nor did he disdain the organizing energies of racists and creeps when they served his turn—like Nixon, prepared if the need arose to be adequately uninformed of the doings of his subordinates. Like Nixon also, he has spent too much time grinning agreeably as number two while the main man took the bows—a consumingly bad experience for a person of modest talent who combines the obsequious with the ambitious.

Other similarities are certain to strike one. Bush, like Nixon, uses superpower posturings to offset his want of ideas on the domestic front. Bush, like Nixon, likes to see that domestic front as a field in something called the "war on drugs." Bush, like Nixon, had a long and torrid romance with the Marcos family. Bush, like Nixon, fears and hates what he laughably calls the liberal press (Nixon is so impressed by Bush's lying and blustering with Dan Rather in 1988 that he practically fouls himself with glee, telling the same story twice as an example of how to stick it to the media). Bush, like Nixon, has an exalted idea of the value of CIA and FBI heroes, and likes a chance to play the veterans' and hostages' card. In the latter case, indeed, by dealing direct with the kidnappers in return for money and guns, he actually surpassed Nixon's POW cynicism. Bush, like Nixon, is abject and adamant when it comes to the People's Republic of China, of whose decrepit hierarchy he will hear no ill. Again, he is slightly worse than Nixon on the point. In his memoir, Nixon relates how he told Mao Zedong: "I think the most important thing to note is that in America, at least at this time, those on the right can do what those on the left can only talk about." It might be argued that at least this degraded realpolitik concerned the long-overdue establishment of diplomatic norms, rather than a limp handclasp over the hecatomb of Tiananmen.

Even as I write, the papers tell me of a certain Pierre M. Rinfret, Republican candidate for the governorship of New York, leaving the White House with an injunction from Bush to "hit Mario Cuomo." Thus empowered, Mr. Rinfret attacked Cuomo for having been "too chicken" to serve in Korea! How marvelously we progress.

So, the apple did not fall very far from the tree. Bush is an unpersuasive patrician version of Nixon's authentic plebeian cult of resentment—drawing upon the same reserves of irrationality, selfishness, and bigotry but far too much at home among the fat cats. When he gets into trouble, he will bleat and moan rather than whine and snarl—the chivvied sheep rather than the cornered rat. When will we prove Professor Parmet wrong and raise politics above the level of these types? We might begin, as I may have said, by bewaring of pity. □

A LEGACY OF IDEAS

A bequest of any size can be of lasting benefit to *Dissent* and help ensure that the ideas and beliefs you hold dear will continue to have a public forum. Our legal name is the Foundation for the Study of Independent Social Ideas. We ask you to consider one of the following options:

1. You can leave a specific amount or a particular asset.
   "I bequeath $_____ to the Foundation for the Study of Independent Social Ideas."
2. You can leave a specific percentage of your estate.
   "I bequeath _____% of my estate to the Foundation for the Study of Independent Social Ideas.
3. You can leave the remainder of your estate.
   "After distributing the specific bequests listed above (to others in your will), I leave the remainder of my estate to the Foundation for the Study of Independent Social Ideas."

For more specifics on this or other information on gift planning, feel free to phone or write *Dissent*, 521 Fifth Avenue, New York, N.Y. 10017 (212) 595-3084.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

George Scialabba

THE MODERN MIND

SOURCES OF THE SELF: THE MAKING OF THE MODERN IDENTITY, by Charles Taylor. Harvard University Press, 601 pp., $37.50.

There seems to be a connection, historical and perhaps even logical, between metaphysics and morality; that is, between views about the nature of being or knowledge and views about justice and the good. A vague sense (which is surely all that most of us have) of this connection is one thing, however; an original, rigorous, and comprehensive historical account is something else again—an immense achievement. Yet this is only one feature of Charles Taylor's monumental book. *Sources of the Self* bears out, to some extent at least, a seemingly extravagant compliment proffered by Richard Rorty in reviewing Taylor's *Collected Papers* (1985): "He is attempting nothing less than a synthesis of moral reflection with intellectual history, one which will do for our time what Hegel did for his." Here is Taylor's own statement of his aims:

> to write and articulate a history of the modern identity. . . to designate the ensemble of (largely unarticulated) understandings of what it is to be a human agent: the senses of inwardness, freedom, individuality, and being embedded in nature which are at home in the modern West . . . to show how the ideals and interdicts of this identity—what it casts in relief and what it casts in shadow—shape our philosophical thought, our epistemology and our philosophy of language, largely without our awareness.

Not quite so grand as Hegel's, perhaps, but ambitious enough.

What is the "modern identity"? Whatever else may characterize it, at least three elements do. First, inwardness, or the understanding of our selfhood not as externally defined, by the privileges and duties of our station or our relation to the overall order of being, but as something attained through turning inward, taking a reflexive stance, exploring our inner structures, resources, or depths. Second, the belief that ordinary life—work, friendship, marriage and the family—is our proper sphere and an adequate source of meaning and fulfillment rather than the ignoble lot of those not up to the ascetic, contemplative, or military virtues of saint, sage, and warrior-aristocrat. Third, expressivism, or recourse to nature and the feelings it evokes in us as a spiritual and moral counterweight to analytic, instrumental reason.

Taylor narrates the history of philosophy (in some cases also of theology, literary theory, and modern literature) in relation to the gradual emergence of each of these elements. For example: according to Plato, correct perception of the cosmic order makes possible self-knowledge and control of the passions; reason is the source of morality and happiness. Augustine modifies Plato's conception: rather than employing dialectic to arrive at the Idea of the Good, the soul reflects on its activities and powers and recognizes God as their source. Descartes turns inward, looking not for God but for intellectual certainty and moral dignity. In Descartes's successors, especially Locke and Kant, this reflexivity or inward turn is further radicalized and secularized. By the end of Taylor's account, what had seemed merely a sequence of philosophical positions now appears as a vast drama whose upshot is us.

Another example: the triumph of Enlightenment rationalism meant an increased sense of individual autonomy and dignity, of what Taylor calls "self-responsible freedom." But at the same time, the decline of belief in Divine Providence and the new scientific view of nature as inert matter, a mechanism subject to rigid laws, threatened the loss of perennial spiritual and moral resources. According to Taylor, Kant's concept of morality as an aspect of human rational agency, a "secularized variant of *agape* implicit in reason itself," and the Romantic "notion of an inner voice or impulse, the idea that we find the truth within us, and in particular in our feelings," were both responses to this threatened loss, attempts to supply the defects of the culture's newly forming identity. In Taylor's tale of Western intellectual history as the evolution of an identity, in his ability to bring the most diverse cultural developments into his story line, there really is something reminiscent of Hegel. And fortunately, unlike Hegel, he writes lucid prose.

The scope, complexity, and ingenuity of Taylor's arguments make them difficult to summarize except in drastically compressed form (like the last two paragraphs). Detailed discussions of ancient and seventeenth-century philosophy, Renaissance Neoplatonism, Reformation spirituality, Montaigne, Kant, Deism, the Enlightenment, the German Romantics, Schopenhauer, Baudelaire, Dostoevsky, Nietzsche, Rilke, and Pound, among other topics and writers, are carefully woven into the narrative tapestry. And Taylor fully acknowledges that the history of ideas cannot by itself explain the large shifts in outlook he is tracking; several brief but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sensible observations about historical causation dispel any misgivings on this score.

More fruitful than further summary of Taylor's historical epic might be a look at some of his philosophical premises and moral judgments. *Sources of the Self* is a work of scrupulous but not at all detached scholarship; it is intensely purposeful. Like virtually everyone else nowadays, Taylor is worried about modernity. The core of the modern identity, the essence of modernity, is scientific rationality. The application (in Taylor's view, the misapplication) of the axioms and methods of the natural sciences to epistemology, ethics, psychology, and the social sciences—a tendency he calls "naturalism" and plausibly claims is standard procedure in those fields—has, he believes, obstructed our access to our traditions and depleted our moral resources.

A common enough theme, to which Taylor brings uncommon philosophical skills. His earlier writings, particularly *Hegel* (1975), showed him in command of both the Anglo-American and Continental traditions—among academic philosophers, Taylor is considered a "bridge" figure. In the two volumes of *Collected Papers* and the first hundred pages of *Sources of the Self* he draws on the work of Merleau-Ponty, Heidegger, and Wittgenstein to construct a critique of and alternative to naturalism.

What is, or is supposed to be, the "scientific" attitude toward morality? Most fundamentally, perhaps, that values are not "real," that judgments about good and bad are not "objective"; they are preferences, which can be explained or interpreted, adjusted if one was mistaken about relevant facts or modified in response to new feelings and experiences, but not *justified*, not proved true or false. From this follows a conception of moral philosophy as neutral and procedural: its purpose is not to expound the nature of the Good or of virtue but to work out social and interpersonal rules, institutions, decision-procedures that will seem fair and just to most people, whatever their values or their vision of the good life. Both utilitarianism and rights-based liberalism, probably the most common varieties of political philosophy in the English-speaking world, presuppose this value neutrality.

In the social sciences, naturalism prescribes striving for intersubjective validity. Data that only the subject can testify to, that can't be recorded by and read off some instrument, and theories that require informal, unspecifiable qualities of imagination or judgment to apply—these don't count.

Taylor objects that naturalism's methodological restrictions have impoverished philosophy and social theory, and thereby public life. Neutralism about values inevitably slides over into subjectivism, the glib dismissal of all values as "fictitious," or relativism, the equally mindless acceptance of all values as equally valid and beyond rational adjudication. Individualism slides into atomism, the denial that some common good, over and above the goals of individuals or aggregates, may rightly command a person's loyalty, even obedience.

On the contrary, Taylor argues, moral theory can't be neutral, because a person's identity cannot be specified without reference to her or his commitments, stance, values. The proof of this gets a little technical, but is roughly: we are what we say about ourselves to our language community, what we answer to the question, "Who am I?" This always involves saying what we most deeply care about or aspire to. What matters most to us is what matters most about us.

Politically, too, the individual is constituted in and through a community. The rights and desires of liberal and utilitarian theory are only intelligible, can only be exercised, in communities of a certain sort. Since the survival and flourishing of such communities is a precondition of our fulfilling, or even having, those rights and desires, a commitment to the former takes precedence over asserting the latter.

Once again, I've offered a highly compressed rendering of an enormously complex argument. At this point, however, instead of adding qualifications, I'd like to simplify—to get down and dirty. Something about Taylor's tremendously impressive effort rubs me the wrong way. It's not Taylor himself; his is a dignified but friendly, on the whole quite likable, authorial voice. And while others may find fault with his treatment of Platonism, Puritanism, Romanticism, or modernism, I cannot. Perhaps it's just impossible not to resent a forceful challenge to some of one's most cherished beliefs. Taylor manages to shake my faith without quite converting me—yes, I admit it: I'm a naturalist.

Not, of course, a fundamentalist or even an orthodox one. I don't believe that science can, or ever will, explain all human behavior, or that all values are illusory. I'm comfortable with entities and explanations above the molecular level. I'm not, that is, a flaming positivist or a roaring reductionist. But I do think that where a naturalistic (neurochemical, sociobiological, psychoanalytic, economic) explanation for someone's belief or behavior seems adequate, it may well *be* adequate; and that while "community" is an indispensable political metaphor

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(and communitarianism has something going for it), it is, in the end, only a metaphor. I'm a pragmatic naturalist. Usually, in fact, I just say "pragmatist," but Taylor's harsh strictures elicited a stubborn residual allegiance to the old, outworn creed.

For one thing, there is his too-sweeping disparagement of naturalistic social science. Not that I have much use for present-day quantitative academic social science; on the contrary. Still, I feel Taylor ought, just by virtue of being so astute and influential a critic, to disavow the sentimental tosh frequently talked about the uniqueness and ineffability of human beings and the preposterousness, even perversity, of behaviorism. Behaviorism works, after all: in prisons, police states, marketing strategies, and electoral campaigns, just to name some of the main institutions and modes of social control in modern societies. True, it could not work in Walden Two, because there Skinner proposed a subtler, nobler goal than eliciting or suppressing discrete, overt behaviors over a limited span. But if this latter aim is all you want a "science of behavior" for, then a perfectly adequate one is available to you, notwithstanding the ineffable depth and complexity of human beings when they are treated like human beings. As always, what counts as truth depends on our purposes.

This is a quibble, however, compared with the issues raised by Taylor's moral critique. One of Taylor's central claims in *Sources of the Self*—it is almost a *leitmotif*—is that a naturalistic ethic like utilitarianism or Marxism is "confused" and "deeply incoherent" (the deadliest of philosophical epithets) in this crucial respect: all such theories presuppose in practice some moral value or ideal, like universal and impartial benevolence in the case of the *philosophes* and Benthamites, social justice in the case of Marxists, or simply, in the most general case, to reduce suffering, while in principle denying that any such value is other than an arbitrary, subjective preference. Pressed repeatedly and persuasively, this claim made me first uncomfortable, then defiant. For suppose it is true? It may be that my moral heroes, Godwin and Bentham, Mill and Marx, Morris, Luxemburg, Orwell, and Russell, would have been somehow better off for having a proper metaphysical foundation for their aspirations. On the other hand, maybe the fact that they scraped along pretty well without one means that the question "Why care about others?" and the larger question "Why act rightly?", which Taylor thinks can only be answered definitively by invoking some "constitutive good," can't be answered definitively at all, and needn't be.

Taylor is continually saying things like:

> To see the standard Enlightenment view as one-dimensional is to see no place in it for what makes life significant. Human life seems a matter merely of desire-fulfillment, but the very basis for strong evaluation, for there being desires or goals which are intrinsically *worth* fulfilling, seems missing.

It's clear that Taylor the man and citizen admires the ultranaturalist *philosophes*, by and large, and considers their lives not just significant but exemplary. But for Taylor the philosopher, some "transcendental conditions" are apparently required to make a life "significant"; likewise to make desires and goals "intrinsically" worth fulfilling. It's not that the *philosophes* didn't have the right sort of desires and goals, just that they lacked an adequate "moral ontology," hence access to the "moral sources" and "constitutive goods" that would have allowed them to articulate the significance of their lives. They denied (or ought, on their own principles, to have denied) the reality of the virtues they practiced and the values they lived for.

Well, maybe so, but this contradiction doesn't seem to have slowed them down much. Taylor suggests this is because the *philosophes*, and altruistic unbelievers ever since, have drawn spiritual sustenance from religious traditions, still potent in the eighteenth century though dwindling in influence today. But, he warns, this can't go on forever. No culture can permanently endure so basic a tension between its morality and its metaphysics (or antimetaphysics). "High standards need strong sources," he writes in the final pages of *Sources of the Self*.

> The question which arises from all this is whether or not we are living beyond our moral means in continuing allegiance to our standards of justice and benevolence. Do we have ways of seeing-good which are still credible to us, which are powerful enough to sustain these standards? If not, it would be both more honest and more prudent to moderate them. . . . Is the naturalist seeing-good, which turns on the rejection of the calumny of religion against nature, fundamentally parasitic? This it might be in two senses: not only that it derives its affirmation through rejecting an alleged negation, but also that the original model for its universal benevolence is *agape*. How well could it survive the demise of the religion it strives to abolish? With the "calumny" gone, could the affirmation continue?

Perseverance in virtue will sometimes require self-sacrifice. And self-sacrifice *seems* to require some transcendental justification or motivation, of which the most common, and perhaps the most logical, is belief in the existence of God. Or so Taylor argues, circumspectly. Since modern freedom entails the rejection of transcendence, modern

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

virtue is wholly contingent. Can we be good for long without God? Taylor's doubts are daunting.

And there is the quick of my discomfort: the suspicion, powerfully and plausibly albeit tactfully and tentatively expressed, that the ideals I most prize are at bottom inadequate. I confess I see no alternative to living with this suspicion, perhaps permanently.

But if it's not clear what, in the long run, best sustains commitments to justice and compassion, it's less difficult to see what, in the short run, precludes them (and most other fine and fruitful qualities as well): deprivation, insecurity, ideological manipulation. Is it too light-minded to suggest that even if altruism gives out, curiosity—the keenest of appetites, after all—might continue to motivate efforts to eliminate these evils? Just to see what humankind turns out to be like; just to see who was right, Taylor or Nietzsche or Condorcet? □

Marc Baldwin

HOW TO KILL AN INDUSTRY

WHEN THE MACHINE STOPPED, by Max Holland. Harvard Business School Press, 1989. 335 pp. $22.95.

A new genre of economic analysis chronicles the slow decay of key American industries. "There was a time," this sort of tale begins, "when the United States was an example for the rest of the world. The (fill in the blank with steel, textiles, auto, or electronics) industry was efficient, innovative, and generous to all within it. What's more, the industry was pivotal to the U.S. economy." Taken individually, these stories are interesting vignettes; together, they form an indictment of the U.S. economy.

The machine-tool industry is a prime candidate for such a story. Machine tools are "mother machines" of manufacturing: any process of forming or cutting metal involves a machine tool. Societies based on manufacturing are based on machine tools. From the Civil War to the mid-sixties, the U.S. machine-tool industry was the envy of the world. But no longer. The *American Machinist* estimates that in 1987 Japan and Germany exported machine tools worth almost $6.5 billion while U.S. exports were estimated at only $640 million.

Max Holland's *When the Machine Stopped* illustrates the changing nature of the U.S. economy by examining the history of a failed machine-tool manufacturer, Burg Tool. Holland's story begins

THE COMMON GOOD

RECONSTRUCTING THE COMMON GOOD
Theology and the Social Order
GARY J. DORRIEN
In his study of the history and theory of modern Christian socialism, Gary Dorrien looks closely at the enduring theological question of the relationship between the Kingdom of God and the Kingdom of the World. cloth $19.95

BAD SAMARITANS
First World Ethics and Third World Debt
PAUL VALLELY
Vallely's personal journey exposes the human face behind nameless statistics and lays bare the financial mechanisms that transfer wealth from the poor to the already-rich. He calls on First World Christians to apply their faith to a system in which to a large extent they are the beneficiaries at the expense of others.
paper $9.95

HOPE AND HISTORY
Why We Must Share the Story of the Movement
VINCENT HARDING
Harding offers a passionate cry for us to remember the story of the black-led freedom movement—what was accomplished, what was the cost, and what remains to be done.
paper $9.95

WAR AGAINST THE POOR
Low-Intensity Conflict and Christian Faith
JACK NELSON-PALLMEYER
"Every once in awhile a book comes along that you wish you could force every newspaper correspondent and editor, every politician, every voter, and above all, every Christian to read. This is one."—WALTER WINK paper $9.95

A BLACK THEOLOGY OF LIBERATION
Twentieth Anniversary Edition
JAMES H. CONE
With critical reflections by notable theologians.
Cone reviews the evolution of black theology and its dialogue with feminist theology and Third World theologies. "...a passionate book, passionately written."—PAULO FREIRE
paper $14.95

ORBIS BOOKS
Maryknoll, NY 10545
1-800-258-5838
In NY Collect 914-941-7687

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with the dream of a Czech immigrant and ends with a battle involving Japan's Ministry of International Trade and Industry (MITI), the investment banking firm of Kohlberg, Kravis, Roberts & Co. (KKR), President Reagan, Ed Meese, and others.

Fred Burg came to the United States in 1911 at the age of fifteen. In California he became a skilled machinist and inventor. His prime invention, the "tool-flex," became such a sensation that he quit his job and began a full-time business in his garage in 1945. He hired his son, Joe, and his son-in-law, Norm Ginsburg. Joe was the master salesman; Ginsburg was in charge of manufacturing. The "old man," Fred, was the visionary and the guiding force of the organization. A formidable team.

Burg Tool expanded rapidly. In 1957 it created one of the first numerically controlled machines. To raise funds for expansion, the company went public, changing its name to Burgmaster. By the early sixties Burgmaster controlled almost 80 percent of the turret drill market. However, in 1960 another firm, Kearney & Trecker, unveiled technology that threatened to transform the industry.

Fred Burg set to work outgunning the Kearney & Trecker machine. But Burgmaster couldn't afford to expand and develop a new turret drill at the same time. In 1965 Houdaille Industries, a Chicago conglomerate, offered to buy Burgmaster and expand its facilities. The deal seemed to offer the best of all worlds for Burgmaster: money to expand and no strings attached.

Holland's book is powerful evidence, however, of the danger of conglomerate organization in a cyclical industry. Conglomerates demand stable returns for their stockholders, something the machine-tool industry could no longer provide. Houdaille transformed Burgmaster into a company that aimed at quarterly forecasts and predictable returns rather than market share and product development.

Changes in personnel, the drive to meet forecasts, the flirtation with computer monitoring of production were all for naught, and soon Houdaille's management was looking for a way out. Enter Kohlberg, Kravis, Roberts & Co., which proposed a leveraged buyout (LBO) for Houdaille. For both KKR and Houdaille management the deal promised millions.

Essentially, an LBO is a mortgage of immense proportions. As a result of an LBO, a company must maximize cash flow, not profit or market share. To make the LBO pay off the debt, "whiz kids," finance wizards with no production experience, began to dominate the firm with their pages of printouts. Quality declined as machines were rushed out to feed the debt. The LBO and the coming recession presented the company with a triple threat of enormous debt, industry downturn, and foreign competition. Houdaille decided to engage the foreign competition through Washington.

As Houdaille begins its trade battle, *When the Machine Stopped* starts to lose its way. When Holland introduces the bureaucratic teams around Houdaille's claim of unfair trade, he tells us that the free-trade group (from the Treasury, State, and Justice departments, and elsewhere) "dubbed itself the White Hats." The Houdaille advocates adopted the label "Realists." A few pages later Holland writes, "What had begun as a skirmish between White Hats and Jap-Bashers had become nothing less than the main battleground in the Republicans' ongoing war between so-called free and fair trade." The White Hats get to keep their chosen title, but not the Realists, whom Holland refers to as Jap-Bashers for the remainder of the book.

The weakest part of Holland's book is his discussion of trade and industrial policy. According to Holland, "Any nation that cannot define, much less assemble, a coherent role for government in its economy is in trouble." However, in specifying that role, Holland is surprisingly minimalist.

In his view, the most important reason for the failure of the machine-tool industry in the United States was insufficient investment caused by the "unpredictable economic climate of the 1970s," which "was not conducive to capital investment and risk." Thus the government's role should be limited to providing a sound economic climate, stabilizing exchange and interest rates. This, according to Holland, is the secret of Japan's success.

To make this argument, Holland has to downplay the role of MITI, which is a central player in Japanese industrial policy. Holland seriously underestimates the role played by the Japanese government. The Japanese have flourished not just because of their more stable economic climate. They have flourished because their government has self-consciously taken responsibility for managing the economy and for creating competitive advantages in key industries. Holland is also misguided in arguing about whether MITI played a part in this or that particular episode of economic policy. As the goals of Japanese economic strategy have changed, so have the functions and the importance of one or another of Japan's institutions of economic management. What has remained constant is the public sector's responsibility for overall management of the economy. Within that framework, firms have the freedom to buck the planning agencies. That flexibility is a strength, not a weakness, of the system.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Holland's antipathy toward state intervention prevents him from seeing that technology in machine tools is evolving in a way that invites a more active role for government. Machine tools are shifting from individual units of the kind made by Burgmaster toward Flexible Manufacturing Systems—combinations of machines requiring limited operator intervention. The production of such complex machinery requires combining parts from diverse industries. For these reasons the industry trend is toward coordinated action by groups of firms. Innovation becomes a function of teamwork. Cooperation and industry standards are critical to national success.

The Burgmaster case demonstrates the need for a more active state role in the economy. A government agency could directly make the investments that Holland shows are lacking rather than provide an "economic climate" and hope for the best.

Holland shies away from calling for an interventionist state because he won't question his own assumptions about trade or about sources of innovation. But the days when heroic entrepreneurs like Fred Burg invented machine tools in their garages are past. The future belongs to those countries that can organize their industries and manage trade. □

Change the USA! Join the DSA!

Members of the Democratic Socialists of America work in every day-to-day struggle for social justice. We bring a strategy for building alliances among all the movements for social change. And we bring a vision of a society that can satisfy the demands for dignity and justice—a socialist society. Join the people working to bring together all the movements for social change . . . and to bring together day-to-day battles and long-term strategies and visions. Join DSA.

☐ Send me more information about democratic socialism.
☐ Enclosed find my dues (☐ $50 sustaining; ☐ $35 regular; ☐ $15 limited income. Dues include $8 for DEMOCRATIC LEFT.)

Send to: Democratic Socialists of America, 15 Dutch St., Suite 500, New York, NY 10038.

Name _____

Address _____

City/State _____ Zip _____

Phone _____ Union, School, Other Affiliation _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

J. Monaco

BOOK NOTES

FROM LADIES TO WOMEN: THE ORGANIZED STRUGGLE FOR WOMAN'S RIGHTS IN THE RECONSTRUCTION ERA, by Israel Kugler. New York: Greenwood Press. 221 pp.

In the era of U.S. history that began with abolitionism and ended with the defeat of radical Reconstruction, a tenuous alliance developed among movements for the rights of women, African Americans, and workers. Kugler's account of the debates in the Reconstruction-Era women's rights movement shows how the alliance was shattered. Frederick Douglass, a strong supporter of women's suffrage, couldn't understand how leaders of the women's movement could fail to give priority to fighting the terror campaign against blacks in the South. Susan B. Anthony, Lucy Stone Blackwell, and Elizabeth Cody Stanton argued that a woman's right to vote was just as urgent as full citizenship for blacks. The mass of war-weary people looked upon these debates as irrelevant to the true work of the country—territorial expansion and money making. Kugler's book relates this important part of U.S. history mainly through the words of the participants themselves, a method that works because they spoke and wrote in a clear nineteenth-century style.

A MIRACLE, A UNIVERSE: SETTLING ACCOUNTS WITH TORTURERS, by Lawrence Weschler. Pantheon Books. 293 pp. Cloth, $22.95.

When a regime based on the rule of terror is supplanted by a regime with some respect for human rights, the new government must confront the question of what should be done with the previous regime's leaders. The question is even harder to answer if the old leaders still control the military. Should they be brought to trial for their crimes? Or would such a course be too risky for a fragile civilian government still threatened by the possibility of a military coup? And what of the victims of torture? Should they be forced to hide their wounds and not seek justice?

Lawrence Weschler's important book is a case study of how these questions were debated in Brazil and Uruguay. In the course of his essay he touches on many other problems of democratic transformation in these and other countries. He does not ignore the United States's role in instituting and financing these terror regimes. His sympathies are with the victims who want to bring their torturers to justice, but he also pays attention to the arguments of the other side. With the care of a good listener, Weschler brings us the voices of those who resisted the torturers.

GORBACHEV: THE DEBATE, edited by Ferenc Fehér and Andrew Arato. Atlantic Highlands, N.J.: Humanities Press. 234 pp.

Much has changed since these theoretically informed studies of the Soviet Union were written, but they are still worth reading. The skepticism about Gorbachev provided by Agnes Heller and Ferenc Fehèr in their essay is a reaction to excessive hopes. Peter Hauslohner provides an informative analysis of Gorbachev's attempt to create a new social contract to replace the Brezhnevian exchange of basic economic security for the bureaucracy's political dominance. Alec Nove's detailed look at Soviet agriculture is brilliant, though heavy going for those who have little familiarity with the territory.

One problem with this collection is exemplified by Cornelius Castoriadis's conclusion to his essay. Castoriadis writes that Gorbachev will be overthrown by an inner-party coup, that he will himself water down his own reforms, or that the Soviet military will intervene in response to popular discontent. Might there be a slim possibility that a grass-roots movement for political and economic democracy will develop? □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

First Amendment Problems

Editors:

Robert Post's critique of "liberal" First Amendment theory, "Outrageous Speech and the Constitution: Thoughts on *Hustler* v. *Falwell*" [Dissent, Summer 1990] raises more issues than can be treated in a letter. However, a few points should not pass without comment. Though he expresses serious disagreement with the rationale in *Falwell*, he winds up supporting the result, but only if translated into "communitarian" language. The result, I believe, is a muddle.

The issue before the court in *Falwell* was simply, narrowly, and exclusively the limits of First Amendment protection of speech directed at public figures. Larry Flynt's lampoon of Falwell's sanctimoniousness may have set a record for execrable taste. Yet it is noteworthy (though not noted by Post) that a unanimous Supreme Court reversed a Circuit Court in overturning the jury verdict that gave Falwell a $200,000 award for his emotional distress. The Court, in a strong opinion by the Chief Justice himself, concluded that "public figures and public officials may not recover for the tort of intentional infliction of emotional distress by reason of publications such as the one here at issue without showing in addition that the publication contains a false statement of fact which was made with 'actual malice,' *i.e.*, with knowledge that the statement was false or with reckless disregard as to whether or not it was true. The Court here was reasserting the standard in the landmark *New York Times* v. *Sullivan* case. (Defamation was not an issue because the Flynt article was self-designated as a parody and did not pretend to give actual facts about Falwell.) What was so compelling about the outcome that even conservative guardians of "family values" were constrained to join the opinion?

"Were we to hold otherwise," the Court said, "there can be little doubt that political cartoonists and artists would be subject to damage awards without any showing that their work falsely defamed its subject." It cited cartoons of George Washington as an ass and a historian's comment about the Nast cartoon: "It continuously goes beyond the bounds of good taste and conventional manners." It was not possible to formulate a "principled standard" to distinguish the Flynt parody from traditional political cartoons, the Court said, because " 'outrageousness' in the area of political and social discourse has an inherent subjectiveness about it" which would make speech prey to the dislikes of particular juries.

Professor Post disagrees. The Court's denial that an outrageousness standard exists rests on a "fatal confusion." "Long ago," in his third *Critique*, Kant said that there was "taste," and that "taste" was idiosyncratic and "*demands* the agreement of others," that is, presumably, community norms. Well, if Kant said so, and Kant *non disputandam*, then it must be so. But in fact a majority on the Court does not disagree because the concept of "community standards" is one of three prongs of decision in obscenity cases. Are, however, such standards applicable to speech about public figures in the public arena? The Court says no! Post also says no, but in his own language. The jury verdict in *Falwell* was "constitutionally unacceptable not because it 'has an inherent subjectiveness about it' but because it would enable a single community to use the authority of the state to confine speech within its own notions of propriety."

When it comes to the crunch of letting a local Virginia jury decide what is "outrageous" for the rest of the country, Post turns out to be a "liberal" in "communitarian" clothing. He says that would be "constitutionally unacceptable" because other communities may have different "notions of propriety." Doesn't that mean that "outrageousness" (or "notions of propriety," if you must) can mean different things to different communities and isn't that what is "inherently subjective" about such a standard? So what is Post unhappy about with the Court's rationale and conclusion? And where indeed is the "fatal confusion," pace Kant?

Post speaks of a Paradox of Public Discourse. The First Amendment defeats its own objective of "rational deliberation" by protecting the kind of abusive speech that makes rational deliberation impossible and "corrodes the basis of its own existence." The paradox exists only if the First Amendment's justification is exclusively that of fostering rational discourse. But it is well established doctrine that speech does not have to contain "ideas" to warrant protection. When Justice Harlan protected Paul Cohen's right to wear a jacket that bore the words "Fuck the Draft," he said that "words are often chosen as much for their emotive as their cognitive force" and the "motive function" of speech is protected by the First Amendment. (In the same opinion, he memorably proclaimed that "one man's vulgarity is another man's lyric.") If rational deliberation were the only justification of First Amendment protection, who would decide—which community—what degree of abusiveness would lead to what measure of corrosion sufficient to warrant prohibition? "*Falwell* may not be an unambiguous march toward enlightenment," says Post, but it is clearly a step forward for the rights of free expression.

Post's reconstruction of the holding in *Falwell* at the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

conclusion of his essay is bewildering in its irrelevance. He writes that "the Court's actual decision in *Falwell* was quite limited, holding *only* that an 'outrageousness' standard could not be applied to speech in nationally circulated magazines like *Hustler*" (my emphasis). This rendering, which has *nothing* to do with the case, is based on some theory of an "independent reader" of national magazines not subject to community norms as against the "socially situated" reader. The actual opinion of the Court mentions a "magazine of nationwide circulation" once and only at the beginning to describe *Hustler*. Its national character is never referred to in the discussion or in the holding. If *New York* magazine had inflicted emotional distress on New York Governor Mario Cuomo, or even more community-like, if the *WestSider* newspaper had odiously attacked Manhattan Borough President Ruth Messinger, should these politicians collect damages? The *Falwell* decision says no. Public figures or politicians can only collect for malicious defamation. What does Professor Post say? No national magazine, after all. To reinforce the importance of the "national" aspect of the holding, Post says that Falwell's mother would certainly have collected if Flynt had abused her on the phone. Possibly yes, though not because there is no national publication here but because Mrs. Falwell is not a public figure. The dignitary tort of intentional infliction of emotional distress was not overruled by *Falwell*, only its application to public figures.

Post reminds us of the "darker side" of freedom of expression, the price in civility and dignity that is paid in tolerating disgusting speech. The darker side of the Fourth Amendment protection against search and seizure is that criminals go free despite strong evidence unconstitutionally gotten. Indeed, democracy itself is often the least efficient way of getting anything done. All that talking and horse trading and compromising! So what price "communitarianism"? How much freedom do we give up to retain civility and who will do the measuring? Post sees "the unfolding of First Amendment doctrine" as an "unabashedly Whiggish triumph of liberty and enlightenment" and is worried about the dark side. Fair enough. What is the communitarian contribution to lightening the dark side that would not curtail our freedom?

STANLEY ENGELSTEIN
New York, N.Y.

Robert Post Replies

Stanley Engelstein quite rightly asks, "What price 'communitarianism'?" And he is also right to intimate that the price is substantial. But of course so is the price of liberalism, if by "liberalism" we mean a social outlook strongly premised upon individualism.

The result, not surprisingly, is a fierce tension. The point of my article was to situate the Court's *Hustler* decision within the field of that tension. It was not to award the palm either to communitarianism or to liberalism, but rather to explore the social relationship between these two important and necessary perspectives. My hope was that an understanding of this relationship would sharply illuminate the general shape of our First Amendment jurisprudence.

Engelstein, however, seems more concerned with outcomes than with explanations. He implies that it makes no difference whatever whether the Court's decision in *Hustler* rests upon its professed rationale of anti-subjectivism or instead upon the alternative rationale I propose, that of the intrinsic immunity of public speech from the regulation of community norms. But Engelstein surely cannot mean to suggest that the law ought to be viewed as simply a string of unrelated outcomes. That would deprive the law of its grounding in normative coherence, and therefore strip it of what Ronald Dworkin calls its "integrity." Engelstein's letter, with its vigorous embrace of the value of freedom of expression, appears far too morally engaged to accept such a cynical and nihilistic position.

So the rationale for the Court's *Hustler* decision matters (or ought to matter) for the general shape of our legal order. For example, if the Court is correct that an "outrageousness" standard is truly and merely subjective, we would have good grounds for repudiating the tort of intentional infliction of emotional distress altogether. And we ought also to abandon the tort of invasion of privacy, which rests on a similar "highly offensive" standard, as well as those vast stretches of tort law that depend upon the related "reasonable person" standard, and so forth. I could go on, but the point is clear enough: differing rationales for the *Hustler* opinion imply vastly different consequences for legal doctrine.

I suspect that the hard search for explanations would hold some surprises for Engelstein. A good example is his attempt to invoke Justice Harlan's famous opinion in *Cohen* v. *California* as grounds to deny what I call the paradox of public discourse. According to Engelstein, *Cohen* stands for the proposition "that speech does not have to contain 'ideas' to warrant protection," for " 'words are often chosen as much for their emotive as their cognitive force.' " While I do not totally agree with this account of the case, it is not an implausible interpretation, so far as it goes. It does omit Harlan's important qualification that *Cohen*'s rationale extends only to "the arena of public discussion."

The essential flaw in Engelstein's argument, however, is its characteristic failure to penetrate beneath the surface and ask why it is that the Court in *Cohen* extended protection to speech "without ideas." A superficial answer would invoke the value of the autonomy of the speaking subject, but this answer cannot explain a case like *Hustler* in which the autonomy of the speaker is purchased at the cost of destroying the autonomy of the subject of his communication. And in such a case the speaker cannot be privileged by reference to the importance of the "marketplace of ideas," because by Engelstein's hypothesis we are concerned with speech that has no ideas.

It turns out, therefore, that Engelstein may have a rather difficult time explaining Harlan's conclusion in *Cohen*. In my article I propose a solution to what is generally perceived to be the conundrum of *Cohen*: the distinction between "cognitive" and "emotive" speech is itself a product of the application of community norms. It is inappropriate to apply such norms to public discourse because the function of that discourse is to provide a space

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that is neutral with respect to community standards. This function follows from our ambition to use public discourse, in John Rawls's telling and "liberal" phrase, to achieve "reconciliation through public reason." This solution has the advantage of explaining why hurtful speech "without ideas" can be regulated in private life, but not in public speech. But it also suggests that we must live with the paradox of public discourse. The paradox can no doubt be dissolved, but only on the basis of a more powerfully explanatory theory, one that Engelstein does not attempt to provide.

One final point. Engelstein is simply wrong when he claims that the *Hustler* opinion turns purely and simply on the "public figure" status of its plaintiff. Engelstein himself quotes the precise holding of the decision:

> [P]ublic figures and public officials may not recover for the tort of intentional infliction of emotional distress *by reason of publications such as the one here at issue* without showing in addition that the publication contains a false statement of fact which was made with "actual malice," *i.e.*, with knowledge that the statement was false or with reckless disregard as to whether or not it was true.

The italicized language indicates that *Hustler* concerns not merely the public figure status of a plaintiff but also the manner in which the relevant speech has been disseminated. Engelstein must therefore explain how and why the distribution of speech is relevant to the *Hustler* holding. When he attempts to do so, I suspect that he will find that the thrust of the decision turns on whether we choose to characterize speech as public discourse, and that the status of a plaintiff is pertinent but not determinative of that characterization. The passages in my article to which Engelstein objects are merely gestures in the direction of uncovering some potential principles for that characterization. □

On Hal Draper

Editors:

I was distressed by your "memoriam" for Hal Draper. It seems to me ungenerous to the human being we all worked with for many years and unjust in its condescension toward his contributions to the socialist movement.

For me and several hundred contemporaries, Hal was both mentor and conscience. He introduced many of us to Marxist thought and, in his frequent role as "dissident" within the movement, taught us something about moral courage. It was not easy to remain within their movement and yet do battle with leaders like Trotsky or even Max Shachtman.

Hal was both theoretician and activist. He managed, despite his "tendency to be rigid, even sectarian," to be accepted by the shipyard workers with whom he worked during the war years as a leader on the job.

You barely manage to suggest Hal's extraordinary historical and literary erudition and the range of a person able simultaneously to function as mentor to the Free Speech movement of the sixties while working on his monumental translation of Heine. You mention but give grudging weight to his four-volume *Karl Marx's Theory of Revolution*.

In light of all of the things he accomplished in Northern California from at least the early sixties until his death, your comments on Hal's "retirement" in Berkeley are condescending.

I believe that many contemporaries acknowledge with me our immense debt to Hal Draper, mentor, friend, comrade.

RICKIE FLANDERS
New York, N.Y. □

Low Blow from *Dissent*

Editors:

I won't bother to cite even a few of the web of half truths, misstatements, and sleazy manipulations of assumptions and presumptions that inform virtually every sentence of Shelby Steele's racist piece (Summer 1990). Anyone who has read Steele knows this is par for him—down to the setup of the blind anecdote: Of course, he involves an "innocent" white woman who is *waiting on him*. I wonder if on his trip South he met any white policemen or state troopers—and *then* thought about the past!

No, my wonder is how the editors of *Dissent* could have accepted a piece which is so devoid of facts, of reference to specific studies and situations that readers could "track" for themselves—of *footnotes*? We get plenty of propaganda. Where is the scholarship? I have long accepted that the establishment press will shuck standards to publish the tripe of black neoconservatives, or anyone else willing to condemn African Americans. But what a revelation this is about those responsible for *Dissent*—that you, too, have succumbed to the racial double-standard-ism intrinsic to the slavish promotion of the black neoconservatives. Perhaps, in honor of Steele and your own conversion, you should rename *Dissent Deceit*.

LEE A. DANIELS
New York, N.Y. □

Satanic Verses Still Take Heat

Editors:

Our first issue of *Dissent* just arrived at the university library this month. I am looking forward to reading once again the insightful and incisive articles which *Dissent* is able to attract.

But the immediate cause for writing is concerning Tzvetan Todorov's notebook entry ("The Satanic Verses in Paris," Winter 1990). His argument is marred by two serious errors.

Todorov notes that the *Protocols of the Elders of Zion* is banned not because what it says is not true, "but because they cause evil." Fine. But those who understand Islam to be a message of divine mercy to prevent evil and encourage good can certainly argue that *The Satanic Verses* causes evil. Todorov's conception of evil—something holocaustal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

or happening exclusively to Jews—is insufficiently generous to other peoples' experiences of genocide and suffering. Reactions to "Islamic awakenings" are often violent, with lynch mobs raised as easily against Muslims as against Jews.

Then, Todorov comments that Rushdie's "remarkable novel is neither an insult to the devout nor an incitement to violence." This is too much. Todorov gives no indication that he is one of the "devout," and so Muslims quite naturally might ask how he can stand as their representative.

ERIC A. WINKEL
Kuala Lumpur □

A Compliment

Editors:

I would like to compliment you on your informative, exciting and very timely spring issue covering the revolution in Europe.

It is indeed a compliment to you Americans to conduct such an in-depth debate on European affairs, a debate which I am sad to say is still very superficial and one-dimensional in the Old World.

Please convey my best regards to Bogdan Denitch, whose prolific pen we need today.

PIERRE SCHORI
Stockholm □

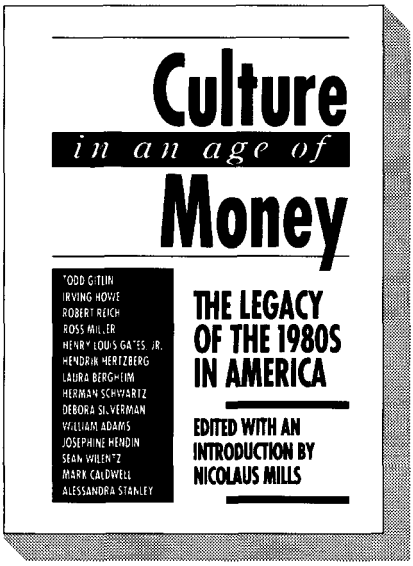
Ed. Note. The author of this letter is Sweden's Under-Secretary of State for Foreign Affairs.

To Letter Writers

- *We welcome succinct letters from our readers. But because we have a long "lead time" for each issue, you have to send us your letter within three weeks after getting an issue of* Dissent *in order to get it into the next issue. So if you want to write about something that you like, or dislike, in or about* Dissent, *please do it quickly.*

- *Letters must be kept to about 500 words, typed, double-spaced, and carry the full address and name of the sender. We reserve the right to edit letters down to fit our space and to choose which shall be printed. Letters will not be returned to senders unless they are accompanied by stamped, self-addressed envelopes.* □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



One of Dissent's best-ever issues is now available in expanded book form. . .

Culture in an Age of Money

Edited with an Introduction by Nicolaus Mills

Fifteen observers offer a brilliant and penetrating survey of the cultural legacy of the Reagan years. From architecture to the yuppie ascendancy, including politics, film, art, literature, finance, fashion, religion, and civil rights, these perceptive and witty appraisals show us how America has changed in the past decade and why it happened.

Nicolaus Mills writes about extravagance and triumph as characteristics of a new America the Grand.
Todd Gitlin explores television's coverage of politics, and how viewers are invited to witness their own bamboozlement.
Ross Miller explains why postmodern architecture celebrates a society afraid of engagement.
Hendrik Hertzberg chronicles the rise and fall of the American yuppie—the collective projection of our moral anxiety.
Laura Bergheim shows how technology has invaded the home and changed its intimations of warmth and comfort.
Robert B. Reich analyzes the development of paper entrepreneurialism in American business.
Henry Louis Gates, Jr., examines the meaning of blackness among contemporary African-American writers.
Herman Schwartz considers the Supreme Court's decisions in civil rights cases and the voting records of the Reagan appointees.
Sean Wilentz describes the rise of televangelism as viewed through the career of Rev. Jerry Falwell.
William Adams reviews Vietnam War films and discovers a tangle of impulses.
Debora Silverman catalogs the curious cultural alliance between Bloomingdale's and the Metropolitan Museum of Art.
Mark Caldwell finds that in the literature of AIDS, what linked most writers in the 1980s was hyperbole.
Josephine Hendin suggests that American fiction has produced a new Self in its most extreme form: the Hero as Nostril.
Irving Howe laments the decline of the common reader and the consequent threat to a democratic culture.
Alessandra Stanley portrays the fashionable snobbery that affects politics as well as clothes—the Ralph Laurenification of America.

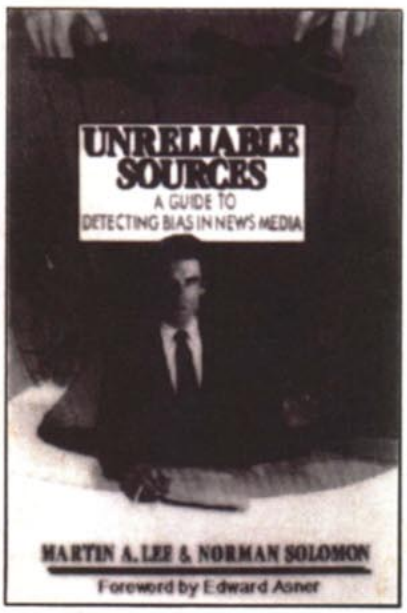
$22.50 illustrated, hard-cover edition

Ivan R. Dee, Publisher

1332 North Halsted Street, Chicago 60622
At your bookseller, or order toll free 1-800-634-0226. Major credit cards accepted.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In the tradition of George Seldes and I.F. Stone...



Unreliable Sources
A Guide to Detecting Bias in News Media
by Martin A. Lee and Norman Solomon

"**Unreliable Sources** reveals how and why the U.S. news media are distorting current events – whether down the street or around the world. As media corporations grow in size and shrink in number, they are becoming more powerful and less accountable to the public. Exposing the vested interests behind this trend, the authors have provided a vital handbook for seeing through media bias.

"**Unreliable Sources** gives a rundown of some of the most important news stories you didn't hear about over the past decade. These are stories that were effectively censored, made unavailable to the average citizen.

"Today, when the media are as big a part of the story as the story itself, you're not truly informed unless you're up on the media as well. This book is an excellent place to start." – from the Foreword by Edward Asner

"An extensive record of recent media distortions."
– Kirkus Reviews

"A must read. A real eye-opener!"
– Eleanor Smeal, *Fund for the Feminist Majority*

"A much-needed consumer's guide for people who find the standard news detached from the events and issues that reflect their needs." – Ben Bagdikian, author of **The Media Monopoly**

Illustrated with actual news photos, captions, headlines and articles.

Martin A. Lee is the publisher of *Extra!*, the journal of FAIR (Fairness & Accuracy in Reporting) and author of **Acid Dreams: The CIA, LSD and the Sixties Rebellion. Norman Solomon,** a FAIR advisory board member, is co-author of **Killing Our Own: The Disaster of America's Experience with Atomic Radiation.**

© Lyle Stuart/Carol Publishing Group At bookstores.

If not available at your bookstore, call toll-free **1-800-447-BOOK** (Visa or MasterCard) or fill out and return the coupon below.

Please send me _____ copy(ies) of **Unreliable Sources: A Guide to Detecting Bias in News Media** by Martin A. Lee and Norman Solomon. I've enclosed $19.95 plus $2.00 postage and handling. (N.J. residents add $1.40 sales tax.)

Name (please print) _____

Street _____

City _____ State _____ Zip _____

Carol Publishing Group, Dept. D, 120 Enterprise Avenue, Secaucus, NJ 07094.

dissent
521 Fifth Avenue New York, N.Y. 10017

14423 10/31/90
ROCHELLE FLANDERS
711 AMSTERDAM AVENUE
NEW YORK NY 10025

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED